

August- September 2005

## FINAL TERMINAL EVALUATION REPORT

**Project Title:** ASEM Anti-Money Laundering Project

**Project Number:** RAS/G44/02

**Duration:** 3 years (2002-2005)

**Thematic Area:** Crime Prevention

**Executing Agency:** United Nations Office on Drugs and Crime (UNODC), Regional Centre

**Donor Country:** United Kingdom (DFID), The European Commission (EC), Government of the Netherlands

**Evaluator : Dr M.Amanullah (Mak) Khan**



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## LIST OF ACRONYMS

<b>ADB</b>	<b>Asian Development Bank</b>
<b>AML</b>	<b>Anti-money laundering law</b>
<b>AMLO</b>	<b>Thai Anti-Money Laundering Office</b>
<b>APG</b>	<b>Asia-Pacific Group on Money Laundering</b>
<b>ASEM</b>	<b>Asia-Europe Meeting (on Money Laundering cooperation)</b>
<b>AUSTRAC</b>	<b>Australian Transaction Reports and Analysis Centre</b>
<b>CAMLMAC</b>	<b>China Anti-Money Laundering Monitoring and Analysis Centre</b>
<b>CBT</b>	<b>Computer Based Training</b>
<b>DFID (UK)</b>	<b>Department for International Development</b>
<b>EC</b>	<b>European Commission</b>
<b>FAO</b>	<b>Food and Agriculture Organisation (UN)</b>
<b>FATF</b>	<b>Financial Action Task Force</b>
<b>GPML</b>	<b>(UNODC) Global Program on Anti-Money Laundering</b>
<b>ILO</b>	<b>International Labour Office (UN)</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>LE</b>	<b>Law Enforcement</b>
<b>LMS</b>	<b>Learning Management System</b>
<b>MOU</b>	<b>Memorandum of Understanding</b>
<b>PBOC</b>	<b>People's Bank of China</b>
<b>PC</b>	<b>Project Coordinator</b>
<b>PSC</b>	<b>Project Steering Committee</b>
<b>SODC</b>	<b>(Vietnam) Standing Office on Drug Control</b>
<b>TA</b>	<b>Technical Advisor</b>
<b>TC</b>	<b>Technical Coordinator</b>
<b>UNESCO</b>	<b>United Nations Education, Scientific and Cultural Organisation</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNODC</b>	<b>United Nations Office on Drugs and Crime</b>
<b>UNOPS</b>	<b>United Nations Office for Project Services</b>
<b>USAID</b>	<b>United States Agency for International Development</b>

## EXECUTIVE SUMMARY

### 1. Summary table of findings, supporting evidence and recommendations

Findings	Supporting evidence/examples	Recommendations
1. Problematic Implementation modality	Interviews with UNODC, EC and DFID; comments of TA and PC; evaluator's opinion; Draft Terminal Report; EC Monitoring Report	This project ends in September 2005. Too late to implement any change. Future direction reflected in Recommendation Section.
2. Absence of substantive linkages with UNODC HQ and GPML	Interview with UNODC RC and HQ; Reports available with UNODC; draft Terminal Report	As above
3. Weak Project Design	Design document itself; interview results	As above
4. Absence of a full time TA	Interviews; reports and discussion with TA/PC	As above
5. Absence of an appropriate Counterpart organization in Vietnam	Interview with UNODC Vietnam; reports and other interviews	As above
6. Some training lacked focus and modules lacked local realities	Discussion with participants	As above
7. Unclear expectations of donors	General consensus from discussions/interviews with UNODC, EC and donors as well as TA/PC	As above
8. Absence of risk management and communication protocols	Review of documents and interviews	As above
9. Good potential for sustainability of capacity building initiatives, especially CBT and other targeted training	Confirmation by all countries; donors' perception, stakeholders views; physical observation of CBT training.	Need some adjustment to the modules, including permission to print modules; inclusion of locally appropriate modules
10. Flexible approach to prioritization and needs based approach	Interviews with stakeholders; TA/TC and some Steering Committee Representatives	Good example to be replicated
11. Donor linkages to avoid duplication	Interviews with donors, TA and other stakeholders; reports available	As above
12. Sound technical judgement by TA despite his remote location and delays in reporting	Quality of TORs prepared; Steering Committee minutes and discussion with stakeholders	
13. High quality project management by TC and her team	Interviews; reports and perception of stakeholders	
14. Some good regional networking including Research 2 results re Web based case sharing (ongoing) facility	Interviews with AMLO; TA/TC and donors	Completion of the activities by September and dissemination of results by ASEM and TC
15. High value for money	Evaluator's perception	

An evaluation of the ASEM Anti-Money Laundering Project was foreseen within the initial project document as the final activity of the three year project, marking the end of the project phase. One of the key purposes of the evaluation is to 'assess the beneficiary countries'

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experiences with the project and their perspectives on the benefits received'. The overall purpose of the evaluation was : 1) to assess achievements, outcomes and likely impacts both positive and negative of the Project; 2) to learn from the Project implementation so that lessons can be drawn that can be basis for instituting improvements to project planning, design and management; and 3) to assess potential sustainability of the assistance provided by the Project.

The primary thrust of the project is *'developing sustainable capacity building within the region'* as stated in the project document. This is a genuine expectation, especially in the context of a major technical cooperation endeavour that overarches several areas of contemporary focus : good governance, anti-corruption, transparency and accountability and transnational crime, including drugs, human trafficking and terrorism. An analysis of the project therefore focuses on this critical aspect impinging on the sustainability and outcomes of the project. The project, notwithstanding the many challenges it faced over its life, performed in an effective manner in the following two areas :

1. Advocacy and awareness building in influencing policy makers in undertaking appropriate legislation and infrastructure to support anti-money laundering activities, as well as building capacity among the government agencies in the six countries. This particularly applies to reinforcing and strengthening existing capacity in Thailand, Indonesia, Philippines and China; and assisting Vietnam to transit from a relatively closed frontier to gradual steps towards appropriate national legislations. The role and commitment of the Project Management team in this respect is particularly noteworthy; and
2. Establishing credible baseline information on capacity needs for multi-dimensional character of anti-money laundering actions through a genuine and proactive role played by the project. The various needs surveys and profiling of target groups; series of high quality and impact oriented training (i.e. financial investigation, judiciary capacity enhancement, asset management and mutual legal assistance), some attention to regional cooperation, use of local mentors in CBT and experience sharing in the region, as well as attachment programs to various countries are commendable.

At the outset of the project, an MoU was signed between the EC and UK DFID, followed by another MOU between DFID UK and UNODC. Another MOU exists between DFID UK and AMLO, Thailand. All of these MOUs while executed in the best interest of the project, these with the turn of project events made understanding of the project partners' roles somewhat complicated and in many cases slowed down the pace of project implementation. It may be noted that the various documents were not all known to all parties.

The nature of the project is consistent with the contemporary mandate of UNODC, the various formal policy pronouncements in the participating countries and most importantly with the challenges the region increasingly faces with regard to transnational crimes, problems associated with drugs, corruption and terrorism. The continued relevance of the project purpose and design was reconfirmed by the participating countries in a number of meetings held in course of the project implementation, including the Steering Committee meetings and during the evaluation exercise itself.

Notwithstanding this key weakness of the design, the evaluator was satisfied that the project turned this weakness into strengths and adopted a flexible approach to the project implementation and several achievements of the project (such as the Computer Based Training

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[CBT], Research Studies and regional and global networking options) made the project a good candidate for sustainability in several areas and their replication in other settings. The Project staff showed enormous resilience and commitment to ensure that the project leaves behind a good sustainable imprint. While the Project Office suffered from lack of regular and in-house technical advice and implementation hurdles, often compounded by donors' insistence of their rules and procedures, the participating countries were free from all 'administrative nightmares' except for having to bear with some last minute rush in trainee nominations and travel related logistics which are not uncommon even in a most ideal condition. The original discussions about the Project, however, did not envisage the need for a full-time Technical Adviser, but rather a supervising Technical Adviser given that DFID originally considered the engagement of a managing contractor rather than using UNODC as the managing partner for the project.

A challenge inherent in a project of this nature and complexity is to remain sustainable in the long run through creating a lasting impact and capacity building among the stakeholders. Despite the difficulties experienced in the implementation stage, the project has been able to infuse confidence among the stakeholders and create an enabling environment which allowed the communities to participate at each stage of the project. It is indeed difficult to assess what impact this project will have on the long-term sustainability of the project once UNODC assistance ceases.

One of the key success areas of the project is that it was able to put in place some high quality training that were evidence based, practical and real with a view to developing technical, 'thinking' and management skills relevant to anti-money laundering practices. While this is a positive feature toward long term sustainability, the project did not leave behind sufficient tools, such as training manuals and a core group of training mentors which the beneficiary institutions could have adopted with flexibility in future. A measure of sustainability for this project is the degree to which participants engage in professional development activities in the identified areas. The evaluator recommends that in future, attention should be given to develop core group of trainers and mentors within the FIUs and other national training agencies.

The project was able to sufficiently demonstrate that the activities envisaged in this project were owned (through their inputs to the needs assessment and subsequent contribution to training planning and hosting the events) by the governments. This ownership is indispensable instrument for sustainability. The evaluator feels that this project is a good example of a balanced partnership between the central agency (Central Banks, FIUs etc) of government and broad national institutions where UNODC's role was largely that of a catalytic agent.

Anti-money laundering projects must be viewed in context to determine realistic results. Difficulties are often accentuated by reluctance to change weak systems. By its illegal nature, any measurement of an increase, or a decrease, of money laundering becomes difficult. Also, full impact and sustainability of the Project may only register in the longer term. This might particularly be the case concerning two outputs within this project, namely, the establishment of a database of information and intelligence sharing between Europe and Asia, as well as the computer-based training, as they will go on beyond the timeframe and scope of this project.

The strength of this project design is the flexible approach in developing professional knowledge and skills amongst the policy makers and operational level officials related to anti-money laundering. This has allowed the project to be innovative and responsive to the emerging needs of the stakeholders; be participatory in understanding the needs and vulnerability character of the

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stakeholders, and plan interventions that are flexible, cost-effective and sustainable both within their own countries and in regional settings. The CBT, Work Attachment, Research Studies all point out to this direction. None of these activities were within the prescriptive design document that was considered as the initial instrument for the project.

The overall rationale of the project was considered to be sound although the design document fell short of quality and logical coherence. As mentioned in various stages of this report, this problem was largely rectified by the flexible approach taken in implementing the Project and in obtaining decisions from the Steering Committee. Judging against the current context of project with regard to its implementation and the impact of the various activities on the overall capacity building goal, the evaluator feels that the project suffered from the following deficiencies:

- Lack of clarity of roles among partners and absence of a full time Technical Adviser
  - Lack of adequate attention to Risk management
  - Missed opportunity to collaborate with UNODC Headquarters Global Program on Anti-Money Laundering (GPML)
  - Lack of policy harmony and linkages with regional activities, including collaboration with ACCORD
- f* Absence of a Communication protocols
- f* Mixed level of Consultants' skills

There is a general consensus among the various stakeholders consulted that the national focal points now have an improved understanding of Anti-Money Laundering issues, including the nexus between AML and good governance. These include factors affecting domestic financial transparency and cross border cooperation within a regional and to some extent trans-continental context (i.e., Europe and Asia). Some of the salient features that can be regarded as Best Practices include :

- f* High value for money --- low budget but targeted activities thus resulting in high impact;
- f* Flexible approach to priority setting within remaining loyal to the prescriptive list of activities in the project document. The technical advice of the TA, the role of the Steering Committee and openness of UNODC are commendable;
- f* 'Not one size fits all' approach – the comprehensive Needs Assessment undertaking was a good example of maintaining a targeted and 'needs based' training and other Technical Assistance initiatives tailored to country specific needs;
- f* Use of appropriate local institutions to undertake some technical assistance activities  
(example : Research Study 2 by AMLO and Thammasat University);
- f* Attention to non-duplication of activities undertaken by other donors and developing synergies with other donors (USAID, ADB, AUSTRAC etc.);
- f* Value addition through use of existing UNODC good practices (such as CBT) and support rendered to this project by UNODC's other projects (both direct and indirect) in the region.

The Overall Objective of the project was stated as : *to develop sustainable capacity in the Asia region to address money laundering at a national, regional and international level.*

This broad objective is a higher level goal which cannot be achieved through a single project of this nature but through the concerted efforts of several initiatives and the evolving advocacy that

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several institutions, donors, private sectors and individuals are carrying out in the region. There are already some positive signs that this broad objective is reaching fruition in a steady pace. Future interventions by UNODC in anti-money laundering in the region need to be harmonized with the key critical instruments that are already available in the region and globally. These include the Sub-regional Action Plan, ACCORD Plan of Action and the Global Program in (Anti) Money Laundering (GPML). Other catalytic interventions of UNODC in the region (in the area of drug control for example) are signs that institutions in East Asia are becoming mature by adopting effective policies and measures for the prevention and reduction of drug trafficking, production and consumption--- all that are relevant to the nature of crimes in the region, including money laundering.

It is well acknowledged that this project has indeed increased confidence among the participating six countries in the following areas : 1. understanding of the ‘rules of the game’—the context of money laundering, typologies and legal issues; 2. understanding of the multi-sectoral nature of the problem—need to engage different agencies and the ‘need to talk to each other; 3. understanding that anti-money laundering techniques are rapidly evolving with hence Capacity Building actions to move with appropriate pace and innovations; 4. understanding that money laundering issues are not just national but are related to regional and international crime syndicates and hence greater understanding and networking within and outside the region is imperative; and 5. money laundering is not an isolated criminal act but a part of larger trans-national criminal activities . It is recognized that the implementation of this complex project came at a cost in terms of heavy work schedules, complex logistics, high administrative costs and limited resources. The project was indeed able to cruise through this difficult process and has laid the foundation for future advocacy, policy and legal reforms and interventions in the area of money-laundering prevention in the region.

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## 1. INTRODUCTION

### 1.1 Background and Context

This report contains the results of an external terminal evaluation of the UNODC executed regional project in Anti-Money laundering covering six countries in Asia (RAS/G44-02 – Asia-Europe Meeting [ASEM] Money Laundering Project). The evaluation was conducted in July-August 2005.

Countries belonging to the ASEAN group and China are increasingly demonstrating genuine interest in combating money laundering through enacting legislation and building capacities within the government machinery. Thailand's Anti-Money Laundering Law (AML) was passed in 1998. This law established the Thai Anti-Money Laundering Office (AMLO), the country's Financial Investigation Unit (FIU). The People's Republic of China only set up its FIU, China Anti-Money Laundering Monitoring and Analysis Centre (CAMLMAC), in April 2004 which became operational in October the same year. Malaysia has had its law in place since 2001 and its FIU has been established within the central bank, Bank Negara Malaysia. The FIU has been successful in coordinating the relevant national agencies and also in working to enhance collaboration between the agencies through the provision of training and through awareness raising initiatives. Malaysia has now gained provider status rather than recipient status within the Asia Pacific Group on Money Laundering (APG), the regional Financial Action Task Force (FATF) style body, and is commencing its ambition of assisting other jurisdictions in the region by sharing their experiences and lessons learnt. Indonesia's legislation came into force in 2001. Indonesia successfully got off the list of Non-Cooperative Country (NCC) by the FATF. The Indonesian FIU, PPATK, is now fully operational. Most cases of suspicious transactions forwarded to the PPATK relate to corruption, or fraud. Philippines, similar to Indonesia, also introduced its AML in 2001. Another point in common between the two countries was their inclusion in the FATF's list of NCCs. Philippines also successfully got off the list early this year as a result of a great deal of effort from both the jurisdiction itself and from the provider and donors that assisted the Philippines in the process. Vietnam among the participating countries of the ASEM Anti-Money Laundering (AML) Project has come the least far in the implementation of an AML regime. Vietnam only just passed their AML decree in June 2005. The Vietnamese jurisdiction is now looking into the next step of the establishment of a FIU, which is anticipated to be set up in connection to their central bank, the State Bank of Vietnam, sometime this year.

Notwithstanding many measures and demonstrated political will of the participating countries in the region, the common factor that inhibits these countries to fully operationalize their Anti-money laundering regimes and develop a genuine regional partnership among their neighbours is the lack of capacity in the various government agencies, and insufficient exposure to the best practices in anti-money laundering from other settings. AML efforts in the region focus on different areas within the countries' AML regimes that are in need of assistance. The APG, for example, works on a policy level and its primary purpose is to provide a regional focus for cooperation against ML and terrorist financing. This includes the implementation of internationally accepted anti-money laundering and combating of financing of terrorism standards in the legal, financial and law enforcement sectors. APG has a comprehensive strategy in this regard as well as a long established Donor and Providers Group for the purpose of

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regional cooperation and coordination in identifying needs and arranging delivery. This is important in relation to the context of the ASEM Project because during the ASEM Project, the team was able to identify the many other ongoing projects in the region so as to avoid duplication. The efforts of other donors and providers are more wide-ranging. They may provide legislative assistance, either in drafting an initial specific anti-money laundering law or in enhancing already existing laws so as to ensure that it is in compliance with international standards. Other efforts aim to provide mentoring assistance in setting up Financial Intelligence Units (FIUs), or in helping the jurisdictions get their newly established FIUs get up and running. There are, furthermore, a series of initiatives aiming to strengthen the national institutional infrastructure so as to increase the level of knowledge, expertise and professionalism in dealing with, and combating, the crime of money laundering. Also, other efforts simply aim to enhance regional anti-money laundering institutions and promote further cooperation and trust between such institutions.

Criminal organizations are constantly updating their methods in response to law enforcement efforts, making it very important for multinational bodies to such as the UNODC to recognize the evolving nature of money laundering methods. Moreover, the crime of money laundering remains a new concept and most AML regimes in the Asia region are still in an infant stage in terms of developing effective and efficient AML frameworks. With regard to enacting appropriate legislation, significant progress occurred over the last five years. However, the implementation of such legislation presents a major challenge in countries where the law enforcement sectors are weak, and where the officers are poorly remunerated and, hence, subject to a temptation of corrupt practices. There have been, so far, very few successful investigations of money laundering in the region and, consequently, there are even fewer prosecutions, let alone convictions.

The genesis of this project lies in the outcome of the Asia-Europe Meeting (ASEM) Finance Ministers Meeting (Frankfurt, January 1999) where progress on a project addressing the issue of money laundering was called for as a result of previous discussions at the ASEM II Summit of Heads of State and Governments in London (3-4 April 1998). Member States and Institutions in this summit expressed their willingness to strengthen the cooperation against money laundering.<sup>1</sup> Original funding to the project came from DFID UK and the EC (50:50 cost sharing with a total outlay of US\$\$ 1,167,372 equivalent). The project relied on the advice of a Steering Committee comprising DFID, UNODC Regional Centre in Bangkok and four of the six participating countries (with the exceptions of Vietnam and Philippines) to prioritize activities as well as provide strategic direction to the project implementation. After the First Steering Committee Meeting in 2003, costings were made for the endorsed activities to be carried out during the implementation phase of the project. Subsequently, the Netherlands contributed additional funds (US\$82,072) to the project<sup>2</sup> and provided in-kind support in the form of specialized training in the area of Financial Investigation.

The project core team comprised a Technical Adviser, based in Sydney, who was engaged by

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<sup>1</sup> The European Commission is a full member of ASEM; the other members are : European Union Member countries as well as Brunei, China, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Thailand, and Vietnam.

<sup>2</sup> MOU between the Government of Netherlands and UNODC, 4 December 2003

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DFID under a separate TOR and funding arrangement to ‘supervise implementation of the activities’<sup>3</sup> of the project that includes preparing Terms of Reference for each project activity and attending and advising the Steering Committee deliberations, a Project Coordinator and a Project Assistant, both based in Bangkok. The Project was hosted in the form of providing office accommodation at the Anti-Money Laundering Office (AMLO) of the Government of Thailand. DFID acted as the secretariat for the ASEM Anti Money Laundering Project. While DFID was generally satisfied with the project achievements, EC expressed concerns from time to time regarding the ‘non-adherence’ of their ‘rules’ in project implementation, especially with respect to recruitment of non-European consultants and contractors and sharing of reports with them by UNODC. Contrary to the standard practice in DFID, this project was anchored in the Policy Division of DFID UK instead of the Technical Cooperation Division, mainly given that the project was regional in nature and not specific to any particular country.

At the outset of the project, an MOU was signed between the EC and DFID UK, followed by another MOU between UK DFID and UNODC. Another MOU exists between DFID UK and AMLO, Thailand. While all of these MOUs were executed in the best interest of the project, with the turn of project events, these instruments made understanding of the project partners’ roles somewhat complicated and in many cases slowed down the pace of project implementation. Further discussion on these issues are contained in various parts of this document. The UNODC project document made available to the evaluator does not contain any approval mark (signing by UNODC and other parties, principally by the participating countries) nor does it contain any Logical Framework (*LogFrame*) that allows understanding of the internal logic of the project objectives, outputs and activities. Thus the evaluation has not been able to assess the project outcomes and achievements based on a solid framework of verifiable indicators. No proper risk identification was also undertaken while there were numerous risks that the project had to grapple with.

Notwithstanding this key weakness of the design, the evaluator was satisfied that the project turned this weakness into strengths and adopted a flexible approach to the project implementation and several achievements of the project (such as the Computer Based Training [CBT], Research Papers and regional and global networking options) made the project a good candidate for sustainability in several areas and their replication in other settings. The Project staff showed enormous resilience and commitment to ensure that the project leaves behind a good sustainable imprint. While the Project Office suffered from lack of regular and in-house technical advice and implementation hurdles, often compounded by donors’ insistence of their rules and procedures, the participating countries were free from all ‘administrative nightmares’ except for having to bear with some last minute rush in trainee nominations and travel related logistics, a phenomenon not uncommon even in a most ideal condition.

The broad objective of the ASEM Anti-Money Laundering Project as contained in the Project Document *is to develop sustainable capacity in the Asia region to address money laundering at a national, regional and international level.* Since its inception, the project has provided technical assistance and training to six Asian ASEM member states, namely, Thailand, Malaysia, China, Vietnam, the Philippines and Indonesia. The project has carried out two research studies on money laundering and also initiated the information and intelligence-sharing database managed by Thailand’s Anti-Money Laundering Office, AMLO, in conjunction with a number of Financial

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<sup>3</sup> TOR of Technical Adviser, June 2001

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Intelligence Units (FIUs) in Asia and Europe. Under this broad objective lies one single immediate objective<sup>4</sup> and five outputs and several underlying activities that are overwhelmingly administrative in nature and may have compromised UNODC ability to go beyond administrative and logistical support and contribute in strategically sound technical area within its mandate as demonstrated through its other activities in this field, such as through the Global Program on (Anti) Money Laundering (GPML).

The project fulfils its objectives principally through provision of technical assistance and training. Its general thrust in the area of technical assistance focuses on strengthening the capacity of the FIUs. The provision of training targeted the legal, financial and law enforcement authorities, which have been trained in order to develop and enhance the necessary infrastructure to fight money laundering. Training scope and styles varied among the countries based on their relative existing strengths, institutional maturity, and needs that were identified during the beginning of the project. The research activities have focused on work that adds to the body of information on contemporary issues relevant to money laundering : one activity relates to the establishment and maintenance of a relevant database, and the analysis of data on case studies of money laundering, and the other research activity on money laundering typologies.

Throughout the project lifetime, considerable effort has been expended in consulting the Steering Committee Members identifying needs, objectives and expected results. Initial expectations were reconfigured during the First Steering Committee Meeting in September 2003 to identify realistic results that are achievable within the time frame and available resources. Further amendments were made, in particular, to one of the research studies, during the Second Steering Committee Meeting in January 2005, in view of time constraints. Work Plans were all costed ( I & II), resulting from the two Steering Committee Meetings (2003 and 2005) which substituted some of the activities initially envisaged in the original project document. More discussion on these issues are contained in this report.

## **1.2 Purpose and Objective of the Evaluation**

An evaluation of the ASEM Anti-Money Laundering Project was foreseen within the initial project document as the final activity of the three year project, marking the end of the project phase. The stakeholders of this evaluation, as stated in the TOR is fairly broad that includes : UNODC, the ASEM, the Steering Committee, the beneficiary countries, the three donors and the international community. One of the key purposes of the evaluation is to ‘assess the beneficiary countries’ experiences with the project and their perspectives on the benefits received’. The overall purpose of the evaluation was : 1) to assess achievements, outcomes and likely impacts both positive and negative of the Project; 2) to learn from the Project implementation so that lessons can be drawn that can be basis for instituting improvements to project planning, design and management; and 3) to assess potential sustainability of the assistance provided by the Project.

The evaluator sees this exercise an opportunity to provide an independent feedback to UNODC

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<sup>4</sup> Immediate Objective : To participate in the implementation of the ASEM Anti-Money laundering project and in doing so to contribute to the development of closer and deeper cooperation between Europe and Asia as part of international efforts to implement the global anti-money laundering network.

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and through them to other stakeholders on the lessons that have been learned not only in the area of implementation and administrative issues but also on what impact this project have had or likely to have from a sustainable capacity building perspective : at the individual, national (including institutional) and the regional level.

### **1.3 Scope of the Evaluation**

The scope of the evaluation as stipulated in the TOR are the following :

- Timeframe to be covered by evaluation is August 2002 – present.
- Geographical coverage includes six Asian ASEM countries identified as priority countries by the donors (Thailand, China, Philippines, Malaysia, Vietnam and Indonesia).

The scope of the ~~project~~ evaluation was reduced by excluding visits to Indonesia and Vietnam in order to accommodate activities within the time available for the purpose. Visits were made to Thailand, China, Philippines and Malaysia by the evaluator. The evaluation was conducted by Dr Amanullah (Mak) Khan between the period 27 July – 27 August which included site visits, desk review and report preparation. Within the allocated time frame and budget, the evaluator realistically used the following methods to conduct this evaluation :

- f* Pre-visit desk review of documents received from the project office at the Regional Centre, UNODC Bangkok;
  - f* Desk review of documents shared by the Technical Adviser;
  - f* Visits to Thailand, China, Philippines and Malaysia for consultation with the key stakeholders  
(i.e., UNODC RC officials, Project Coordinator, European Commission, Government counterpart agencies/FIUs, trainees and participants in some project activities);
  - f* Telephone interview with the former Law Enforcement Adviser, UNODC RC;  
Representative and officers at UNODC, Vietnam, Officials at DFID UK and stakeholders from Indonesia (who could not be available at during the visit);
  - f* Informal interviews with stakeholders;
- and
- f* Review and inspection of documents and records.

The evaluator, as part of this exercise had a briefing meeting with the UNODC Regional Centre Representative, the Senior Program Implementation Officer, Program Coordinator and the Technical Adviser (visit was made to his office in Sydney on 27<sup>th</sup> July).

Under each of the above-mentioned overall evaluation purposes, the Evaluator was asked to consider a series of questions which in a few instances should be beyond the scope of the immediate evaluation (such as cost-results in the project and cost-benefit for future directions). These cost-benefit assessments are unnecessary at this stage and may not bring any direct benefit to the remaining activities or future direction of the project. No study towards a future design work has been done by any donors. Indeed, these may raise the expectation level of recipient countries for potential future funding which they have been raising for some time. The evaluator discussed this issue with the PC and the European Commission officer. It was agreed that<sub>4</sub>a

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flexible approach in this matter was appropriate.

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## 1.4. Methodology

The basic methodology for the Evaluation has been highlighted in the above section 1.3.

Extensive review of documents was undertaken (that includes the Project Document, MOUs, Progress Reports, Budgets and revisions, Steering Committee Reports, Reports of the TA and PC for the Steering Committee meetings, EC Monitoring Report, and technical documents such as the TORs for different activities, Needs Assessment Study reports, Trainees' evaluation reports and draft Research papers) as part of the desk review exercise. In addition, observing demonstration of the CBT software package (in Regional Centre) and its use in FIUs in China, Philippines and Malaysia by trainees gave the evaluator a first hand impression of the training utility of this activity. This was further verified through discussions with the trainees and mentors available at the FIUs. The evaluator was further able to attend a demonstration of the Web based Case Study portal, currently being finalised as part of Research Study 2 by AMLO and Thammasat University, Thailand. Interviews with the trainees, officials of FIUs and government representatives were done with open ended questions thus allowing the respondents to provide an informal, frank and objective analysis of the project outcomes and critical view of the implementation modalities.

In the field of program evaluation, recognition of problems associated with the use of quantitative performance indicators has set the stage for alternative or supplementary approaches. There have been strong murmurs of interest about the use of "performance stories" for monitoring development change programs. In this evaluation exercise, a Story Approach was used across the stakeholders interviews, especially with respect to the various training activities in an attempt to overcome some of the difficulties associated with monitoring the project impact. This process is now quite widely used in Program evaluation where indicators cannot be determined beforehand or are not appropriate enough to gauge the impact of a program.<sup>5</sup>

The methodology followed in this evaluation was no different from the standard evaluation methods used by UNDP (Office of Evaluation Guidelines, UNDP, NY) or UNODC as reflected in its current Guidelines provided to the evaluator. Similar approach was undertaken by this evaluator in a number of other UNODC project evaluation in the recent past.

## 1.5. Executing Modality/Management Arrangements

The UNODC Project Document made available to the evaluator remains short in defining many aspects that a standard project design document of UNODC normally does. There is no

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<sup>5</sup> Derived from 'evolutionary approach to organisational learning' (Rick Davies 1998). The Story Approach is participatory, in that all the project stakeholders are involved in deciding the sorts of change to be recorded. It is a dynamic approach : Most M&E systems are largely static structures. Indicators remain essentially the same for each reporting period, and the same questions are asked again and again. The focus remains the same. With the Story Approach, the contents of the M&E system are potentially far more dynamic and adaptive. Events reported reflect both a changing world and changing sets of perceptions within the members of the organisation about what is important within their world.

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specific delineation of the execution modality although UNODC performed the implementing functions and hence the support cost of 11% (UNODC) and 2% (UNDP) for local financial and administrative services was included in the budget. The project document describes the role of UNODC as the implementing agency as agreed upon in the MOU of the United Kingdom and UNODC principally being the recruiter of consultants and subcontractors, project staff, ‘overall backstopping’ by the Regional Centre Law Enforcement Adviser and provider of communication, banking, travel, visa and other logistical support (pg 6). The project document acknowledges the role of the Technical Adviser (pg 9) as the provider of technical direction albeit his physical location in Sydney . The project document states : *‘The LE Adviser and the PC will receive direction and clarification from the TA, consult and brief him on the project closely, routinely and on demand. This will be accomplished via a combination of hotlink, written communication and periodic review meetings’* <sup>6</sup> While all of these indeed happened, there was a common concern regarding the pace of the TA’s inputs, timeliness in reporting and his ready availability for strategic guidance. It may be mentioned that the TA position, as separate to the core project staff and engaged by one donor independently was not tested before in any UNODC Regional Centre projects.

There was a wide acknowledgement of the TA’s proven role in the area of anti-money laundering globally and his current leadership role in the Asia-Pacific Group on Money Laundering (APG). This high level profile of the person made it rather difficult for him to devote sufficient time and attention to the project with respect to his regular technical guidance, mentoring and ready availability to the project. The TOR provided to him by DFID was also somewhat obsolete considering the actual context of the project and remains short of the expectations that the project had of him given his profile in this area.

Part of the problems originated from the fact that the project was perceived by DFID initially as one that would be implemented by a Managing Contractor as a commercially tendered project. The TA’s TOR required him to *‘work closely with the Managing Consultant and guide them in the implementation of the project’*. In essence, the TA was meant to be DFID’s technical guide, a method that some bilateral donors (such as AusAID, USAID and DFID) have used in commercially contracted projects. With the signing of the MOU between UNODC and DFID, it appeared that the ‘commercial contract’ was no longer valid. The MOU states *“ODCCP will administer and account for the contribution in accordance with its financial regulations and other applicable rules, procedures and practices... “* It states further *“.... Whereas ODCCP has accepted to implement the project within its mandate.....the Government (UK) will make available ODCCP from Technical Cooperation Funds (the contribution) towards ODCCP implementation of the project...”* The standard commercial contract of DFID was not executed in this project although UNODC did submit a response to DFID’s commercial tender in the first place and its proposal was evaluated along with other tenders and selected by a team of reviewers. There was no MOU signed between UNODC and EC at any stage of the project. There was also no reservation from any parties with regard to Netherlands’ additional contribution to the project at a later stage. These leads to the understanding by UNODC that the project eventuated to a standard project financed by bilateral agencies consistent with other projects which UNODC executes globally within its mandated areas.

While anti-money laundering interventions, as part of crime prevention mandate of UN, has not been undertaken by the UNODC RC in the past, there was no reason to deny its role in this field when opportunities present themselves. It was an innovative move by UNODC although a

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<sup>6</sup> The TOR of the TA was shared with the evaluator by the TA himself during the 27 July meeting in Sydney although the Project Office was not shared with a copy by DFID during the MOU signing and the duration of the project. The TOR stipulates that the TA will provide upto 230 days (or about 76 days a year) of technical advice to the project.

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greater consultation with the UNODC Headquarters, especially with the GPML, and a communication strategy at the outset of the project between the various donors and stakeholders could have avoided many of the misconceptions and lack of clarity with regard to the rules, procedures and implementation arrangements.

There has been a general satisfaction by the beneficiaries over the prompt handling of administrative and financial issues by UNODC which greatly facilitated the work of the project by avoiding a multi-tier approval process, a phenomenon often experienced by projects with external execution arrangements, such as those with UNOPS.

The project enjoyed an effective coordination mechanism, the Project Steering Committee (PSC). Unlike many other projects of this nature, the committee process was kept to a minimum in this project and the recipient countries were not overwhelmed by the various, often overlapping committee system. The PSC, comprising representatives from the participating countries, DFID, EC and UNODC proved to be an effective mechanism in terms of providing strategic direction to the project implementation and bringing together the various policy makers from the participating countries in a common forum. This resulted in determining the common needs and responses to the capacity building issues in combating money laundering. It is recognised that the PSC made significant contribution to the direction of the project. More frequent meetings of the PSC (annual as opposed to bi-annual) would have helped in the overall monitoring process.

## **2. ANALYSIS AND MAJOR FINDINGS**

### **2.1 Overall Performance Assessment**

The primary thrust of the project is *'developing sustainable capacity building within the region'* (Participating countries) as stated in the project document. This is genuine expectation, especially in the context of a major technical cooperation endeavour that overarches several areas of contemporary focus : good governance, anti-corruption, transparency and accountability and transnational crime, including drugs, human trafficking and terrorism.<sup>7</sup> An analysis of the project therefore focuses on this critical aspect impinging on the sustainability and outcomes of the project.

The project, notwithstanding the many challenges it faced over its life, performed in an effective manner in the following two areas :

3. Advocacy and awareness building in influencing policy makers in undertaking appropriate legislation and infrastructure to support anti-money laundering activities, as well as building capacity among the government agencies in the six countries. This particularly applies to reinforcing and strengthening existing capacity in Thailand, Indonesia, Philippines and China. Vietnam is gradually transiting from a relatively closed

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<sup>7</sup> An acceptable definition of capacity is the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve goals. Capacity development entails the sustainable creation, utilisation and retention of that capacity, in order to reduce poverty, enhance self-reliance, and improve people's lives. The terms capacity building and capacity development are often used interchangeably, with capacity building being the commonly used term. Capacity development is a more useful description of the process of developing an existing capacity – rather than assuming that there is no existing skill base, institutional arrangements or policies.

frontiers to appropriate steps for national legislations and augmenting its AML regime reforms. The role and commitment of the Project Management team in this respect is particularly noteworthy; and

4. Establishing credible baseline information on capacity needs for multi-dimensional character of anti-money laundering actions through a genuine and proactive role played by the project. The various needs surveys and profiling of target groups; series of high quality and impact oriented training (i.e. financial investigation, judiciary capacity enhancement, asset management and mutual legal assistance) and special attention to regional cooperation, use of local mentors in CBT and experience sharing in the region as well as attachment programs to various countries are commendable.

The evaluator's overall assessment of the project implementation can be summarised in the following table:

<b>Endeavours</b>	<b>Excellent</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Not satisfactory</b>
Advocacy		▲		
Project promotion/visibility			▲	
Donor Coordination		▲		
Capacity Building		▲		
Communication with Governments		▲		
Communication with Donors			▲	
Implementation Modality and management structure				▲
Attention to sustainability		▲		
Meeting deadlines and project goals		▲		
Monitoring and Evaluation			▲	
Risk Management				▲
Budget Control			▲	
Regional coordination		▲		
Project Impact		▲		
Overall Management			▲	

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As reflected in the above table, the project remained deficient in a number of areas that are linked to implementation modality and management arrangement. While the concerns of the project team regarding 'limited training opportunity and inadequate funds' and 'less than adequate absorptive capacity' in certain countries were noted, the evaluator would highlight the following :

- Activities related to training were squeezed in the last eight months, thus compromising the quality of training preparation and module building. This was evident from instant changes in material and modules during the course of training in some instances.
- The TA's time availability was a serious impediment for the project office although the TA made every efforts to compensate this by the use of the technical backstopping by Ms Bronwyn Somerville, an experienced independent consultant working with the APG Secretariat team. Her inputs were very valuable at various stages of the project implementation. The project office indicated that some of the TORs prepared by the TA were not shared with UNODC in time which left the Project Office in Bangkok out of the activity loop on a number of occasions. Delays occurred also in obtaining waiver for the use of AMLO as the sole research agency for the Research Study 2 from UNDP followed by AMLO's slow start of the activity (from April to June 2004).
- It was revealed that the project document of UNODC was prepared internally at the RC with no involvement of the participating countries. The design document was therefore weak in terms of logical connections and was largely a replication of the DFID design document. The 'End of the Project Situation' scenario presented in the document was too broad to be accomplished by the project or beyond the immediate scope of the project. These were also not supported by the actual activities envisaged in the project.
- Computer Based Training (CBT) was indeed a value addition to the project. The CBT stood out as one that was received extremely well by all participating countries. The evaluator saw two training sessions in action in China and Malaysia and spoke to a number of trainees who termed the CBT as one of the most effective interactive learning exercise during their work in FIUs. A number of CBT trainees and mentors were consulted in Philippines and the level of satisfaction of these persons was extremely high. Apart from representatives from the Central FIUs in China, Philippines, Thailand and Malaysia, additional trainees regularly come from the Provincial FIU Branches for training. Philippines is awaiting delivery of additional hardware from USAID to begin extended training in CBT. According to the TA and officials interviewed from AMLO, Thailand and AMLB, China, FIU in Malaysia and Indonesia, the CBT is rich in its potential for sustainability given its self-learning and interactive focus, reliability and language advantage. Vietnam also views that the CBT is a good tool that has the potential for a long lasting impact; however, Vietnam government lacks necessary resources to procure hardware and provide travel and related costs required to train staff from provinces.
- Regional judicial training for judges (Thailand, Philippines, Malaysia and Indonesia) provided an excellent platform for regional cooperation. Similarly, training in Financial Investigation and Prosecution also served as an effective regional cooperation

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opportunities and this was confirmed by the Judges met in the evaluation who valued the long term connection they wish to develop with their neighbours.

- Research Study 1 will add significant value to policies and strategies related to anti-money laundering in the participating countries. With respect to Research Study 2 and the web based case study sharing tool underwent significant scrutiny by the TA terms of content and overall quality checks. The ASEM Secretariat will take the leading role in dissemination of this research results and tools to the participating countries and the EGMOND Group members.
- One of the significant benefits this project enjoyed was the non-duplication of donors' efforts and where possible, complementary actions were initiated with the activities of World Bank, IMF and USAID. Two of the Needs Assessments, for example (Philippines and Vietnam) were conducted in conjunction with the Asian Development Bank under its country TA projects in anti-money laundering.
- The evaluator was satisfied that the project resorted to regular planning and adjustment of inputs, i.e., Rolling Work Plan, budget revisions, and revisiting activities that could be realistically achieved within the time frame. These principally emanated from the Steering Committee recommendations and technical advice from the TA and PC. However, the project should have also periodically reviewed various risks and developed response plans to avoid last minute haste to complete activities.
- The project has been weak in promoting effective linkage between Asia and Europe (refer to Objectives of the project), formal regional coordination mechanisms, information sharing and networking in establishing and further developing an effective enabling environment for influencing national policies, programme development and harmonizing policies and actions through evidence based interventions. This weakness is attributed to two factors : 1. Lack of clarity in the design itself; and 2. Lack of initiative of the Steering Committee at a subsequent stage to overcome this inherent design problem through a project design revision. It may be, however, noted that this Project was regularly viewed as only one component of an overall strategy in the region (largely by APG through its Donor and Provider Group) to accomplish exactly these objectives.
- The evaluator was convinced that the national institutions in the countries visited (including FIUs) and other stakeholders were able to gain significant knowledge and skills as a direct outcome of the project. These relate to : new practices in financial investigation, interdictions, inter-departmental collaboration, asset management (Thailand), prosecution and legal analysis and mutual legal assistance. Many participants from Philippines, Thailand, China, Indonesia and Malaysia have confirmed that they were greatly benefited by the presence of some world class trainers who presented some of the best case studies from around the globe. However, there exists some differences in the perceptions among the participants among these countries in terms of what constitute an ideal training pedagogy; whether a mix of knowledge of local laws and practices with international flavour is ideal across the board, or a strong local knowledge among the trainers would be ideal for the trainees to relate to local realities. No one methodology is complete in itself; however, a balanced approach that allows local facilitators to be involved with the foreign trainers in the interest of local capacity

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building and developing linkages with local conditions would eliminate some of the weaknesses of the approaches used by trainers.

- The evaluator observed genuine enthusiasm amongst the government agency personnel to collaborate with each other. There is a greater sense of inter-agency collaboration in Malaysia, China, Indonesia and Philippines and Thailand to limited extent. Examples include capacity in analysis of financial investigation was enhanced as an inter-agency undertaking in all the countries. In China establishment of Inter-ministerial joint conference mechanism with 23 member departments is a good example of inter-agency collaboration. All departments hold consultations regularly at Ministers and Director General level. Monthly discussions are held on case investigation lessons sharing between PBC and other agencies which has led to increase of detection of suspected cases. Philippines represents a good example of FIU's collaboration among 'non-traditional' agencies, such as the Ombudsman, Security and Exchange Commission and Insurance Commission. Similar examples exist in Malaysia and Indonesia.

## **2.2. Attainment of the Objectives**

The overall objective of the Project is to *develop sustainable capacity in the Asia region to address money laundering at a national, regional and international level*. The project document lists three main objectives:

1. to develop closer and deeper cooperation between Europe and Asia as part of international efforts to implement a global anti-money laundering network;
2. to strengthen existing institutional capacity at the regional level; and
3. to develop new, or enhance existing institutional capacity at the national level.

As mentioned in the previous sections of this report, the project largely fulfilled its obligations in implementing the activities that were either in the original project document or were subsequently endorsed by the Steering Committee as adjustment to the project activities.

In addition to the activities initially envisaged, the Project implemented the China Placement Activity and expanded the delivery of training including of Computer Based Training (CBT) component. As mentioned earlier, the CBT was not anticipated at the outset of the project, however, considering that UNODC had completed a first prototype English version of a CBT programme in anti-money laundering, the ASEM AML Project could, in its delivery, benefit from this type of product.

The following section summarises the achievements of immediate objectives of the project :

### **1. Developing sustainable institutional, or strengthening existing institutional capacity, in the Asia region to address money laundering at a national, regional and international level.**

The project attached significant importance to capacity building and sharing of good practices for combating money laundering through delivery of training. Over 150 policy makers, law enforcement officers, prosecutors, judges, and regulators from China, Indonesia, Malaysia, the

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Philippines, Thailand and Vietnam obtained additional knowledge and skills on legislation, policies and techniques of anti-money laundering .

Six training events developed and enhanced the ability of law enforcement officers in each country to conduct financial investigations. Law enforcement officers from various law enforcement agencies attended the in-country trainings, i.e. police, customs or officers working specifically with crimes, including corruption and narcotics. In addition, financial investigators from the respective FIUs also participated in training specific to their needs. Except for China, judges and prosecutors attended training on legislation and mutual legal assistance. In all cases, the sharing of experiences between the different agencies was found to be just as valuable as the knowledge gained from the formal training sessions.

Moreover, three training events developed and enhanced the ability of prosecutors to prosecute money laundering crimes. Considering the novelty of the crime there is a lack of confidence in prosecuting such crime and a lack of belief that it is possible to win such complex cases. Many participants specifically found the case studies valuable. What was understood by the participants in all countries (notably Malaysia) is that there has so far been very few cases involving money laundering and, hence, the participants could not relate to any such cases that they had already been involved with. Many expressed that the course was useful as it will prepare them for possibly encountering such crime in the future. This indicates a need for further capacity building within the law enforcement sector since there are still very few investigations handed over for prosecution. It is important to get the confidence among the prosecutors to increase through the rapid involvement in a few cases where there is an element of money laundering or in stand-alone money laundering cases, although normally harder to start off with.

In addition, one regional training event contributed to the development and enhancement of the judiciary, so as to make judges aware of the crime of money laundering. The regional training workshop in Malaysia provided a platform for the participating judges to interact and build further cooperation. Two more training events contributed to the development and enhancement of the institutional capacity in three of the beneficiary countries, namely, the asset management course provided to Thailand, and the mutual legal assistance training provided to Malaysia and Indonesia. During the needs assessment phase the consultants identified a need for further their knowledge about successful asset management within Thai AMLO. Hence, a recommendation to provide such training was endorsed by the Steering Committee. Following this, officers from the Thai FIU received training as to how their institution can confiscate and manage assets in a more ethical and effective manner. Similarly, since the mutual legal assistance law of Malaysia was newly enacted at the time of the needs assessment, training as to how to apply that law was recommended and accepted. At the time of the delivery of this course also Indonesia was in the final stages of having a specific law on mutual legal assistance and, therefore, the opportunity to also include a few officers from the Attorney General's office in Jakarta was taken. The course, therefore, contributed to the enhancement and ability of attorneys from both countries to apply their mutual legal assistance laws and more effectively request and provide such assistance in connection to money laundering cases.

The 'China Placement Activity' also contributed to the development and enhancement of the newly established Chinese FIU, CAMLMAC. The Chinese had expressed their wish to be able to benefit from mid-to-long term working opportunities within experienced foreign FIUs in order to learn from the practices in advanced environment. Two FIU officers were attached to AUSTRAC in Australia, one to STRO-Singapore, one to KoFIU-South Korea and one to

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BLOM-the Netherlands. This activity was considered very practical, effective and gave a unique opportunity for the Chinese officials to develop long term collaboration with the countries they had visited. Other countries within the project should also benefit from similar Placement activities if these are well coordinated, targeted and if appropriate participants are selected.

The sustainable aspect of CBT training is substantial considering that the CBT training offers flexible training, available 24 hours, seven days a week at some of the training locations. The training will furthermore continue after the end of the ASEM AML Project as the national agencies have taken ownership of the coordination and supervision of its delivery. This type of training delivery will greatly enhance the sustainable institutional capacity of, not only government agencies in the capitals, but also in the regions and provinces. It is expected that cumulatively about 400 staff from the six countries will be trained in CBT, with China alone targeting 183 staff from across the provinces. The CBT is expected to have a multiplier effect when the initial phase is completed during this year.

## **2. Develop closer and deeper cooperation between Europe and Asia as part of international efforts to implement a global anti-money laundering network**

The project is currently conducting two research studies, with the publication of two major research papers compiling a pool of knowledge and good practices.

The objective of the Research Study 1 is to prepare a substantive paper that would present a summary and provide an analysis of all available money laundering typologies information collected by the FATF<sup>8</sup> and relevant FATF-style regional bodies and other sources during the last five years. It is also expected that the paper would describe any patterns of money laundering emerging from the data, identify current trends and significant risks relevant to the region, and recommend measures to be taken to combat the risks identified. Considering that there is a high demand for typologies research, it is likely that the research paper will be of global benefit and use.

An important factor behind the high demand for timely typologies information, which for example the APG has experienced and to which this typologies research study attempts to contribute, is the effect of the global pressure to implement the Financial Action Task Force's (FATF) 40 Recommendations, and 9 special Recommendations, on anti-money laundering and counter terrorist financing. It is anticipated that findings of the study will be able to be used subsequently to assist competent authorities to make better policy decisions and resource allocations and to implement more effective regulatory and law enforcement action. This research study has the potential to go a lot further than developing closer and deeper cooperation between Asia and Europe. It can potentially contribute to the global efforts in understanding the typologies commonly used by criminals and current trends, if shared widely across the EGMONT Group membership which is made up by more than 120 FIUs. This Group is also contributing cases towards the study. This study is being undertaken by two researchers in UK.

The Research Study 2 relates to the establishment of a database of case studies on money

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laundering and of conducting a study on the links between organized crime groups in Asia and Europe. Based on the recommendation from the TA, the First Steering Committee Meeting endorsed that Thailand's FIU (i.e. AMLO) should take the lead on this project on two grounds: need to maintain confidentiality of sensitive information which an FIU can maintain, and building capacity within the region to undertake similar study in the future and serve as a mentor to other FIUs.

The Research Study 2 and the accompanying web based case study portal have not yet been finalized at the time of the evaluation. It is anticipated that the research study will highlight some links between criminal activities in Europe and Asia. In addition, the prototype system for international money laundering data exchange will serve as a useful tool to the EGMONT members, since it is a simple and user-friendly software system that has not been developed by any other system, or agency previously.

Except in Thailand, officials interviewed in the rest of the countries either lacked any knowledge about the two studies or where some information existed, these were too scanty to be of any significant value from an effective communication or knowledge sharing point of view. The Technical Adviser, however, confirms that both research papers were discussed in detail at the Steering Committee meetings and Research Project II had regular contact with and input from FIUs in the participating countries.

In addition to the achievement of developing deeper and closer cooperation between Europe and Asia, another significant achievement of the project was the contribution to improved cooperation, collaboration and links within Asia, between countries, and also between agencies within countries in Asia. A significant achievement of all the trainings delivered by the project is the improved interaction, collaboration and links between national anti-money laundering government agencies attending the courses together. The training events provided a platform for the participants to interact and build further cooperation.

The attendance of prosecutors from two neighbouring jurisdictions at the Mutual Legal Assistance training offered the participants a good opportunity to discuss common challenges and share best practices. The presence of different nationalities gave the training a slight regional flavour and it triggered the participants to think about mutual legal assistance issues specifically on a regional scale. The trainers presented the European concept of *Eurojust*, which attracted a lot of attention and prompted the prosecutors to consider its possible future applicability in the Asia region. Given the closeness of Malaysia and Indonesia and their shared culture and language, there are potentially many benefits for them to learn about important considerations in relation to the request, and provision, of mutual legal assistance between their two different legal systems.

Similarly, the judicial training offered the participants from Indonesia, Malaysia, Philippines and Thailand a fine opportunity to discuss common challenges and share best practices and experiences despite the diversity in the judicial systems in the region. Judges interviewed during the evaluation have emphasised the need to harmonise the legal provisions founded on the Common Law and Civil Law systems prevalent in the region.

### **3. Improvement of effectiveness of anti-money laundering efforts in the region**

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The country needs assessment reports, prepared by two independent consultants were comprehensive and followed a sound methodology for collecting and analyzing information from relevant agencies in each country. It should be noted that the needs assessment reports of the Philippines and Indonesia were done in consultation with the Asian Development Bank (ADB) as the ADB had also funded anti-money laundering projects in those countries. This was a good example of inter-donor coordination to avoid duplication.

Given the comprehensive nature of the needs assessment reports, other donors and training providers in the region (World Bank, IMF, AUSTRAC, USAID) utilised the reports for their own programming purposes. Hence, the reports were shared with other donors for their information and consultation. They were, also, shared in order to avoid undertaking parallel and often duplicating needs assessments within the region. The timing of the needs assessment was particularly important following the two terrorist attacks in New York and Bali.

Some countries have highlighted that while the assessment of needs were done in consultation with the relevant stakeholders in these countries, a draft report was not shared with them prior to the finalisation of the reports. Vietnam UNODC expressed strong opinion in this regard.

### **2.3. Achievement of Programme/Project Results**

This section while may appear repetitive to some of the discussions elsewhere, it gives a full account of the attainment of the activities under the project. Originally, the project document included five main outputs, determined to be necessary for achieving the project's objectives :

Output 1: Needs assessment regarding technical assistance in establishing and/or improving an anti-money laundering regime, in Asian ASEM jurisdictions (10 countries).

Output 2: Three annual anti-money laundering method workshops, including typologies of proceeds of crime and terrorist financing.

Output 3: Two research papers on (i) cash based and parallel economies, and (ii) database on case studies.

Output 4: Mission to Offshore Financial Centres. Workshop/ seminar attended by officials from offshore financial centres in the region.

Output 5: Training and Technical Assistance Programmes and Seminars to ASEM Asian Jurisdictions focusing on regulators, law enforcement officers and administrators working in key units handling, judicial cooperation, exchange of intelligence and processing of suspicious transactions related to money laundering.

Some of the initial five outputs were cancelled or amended during the project life considering the available time frame and practicality of these activities. These were done with full endorsement of the Steering Committee. Following discussions give an account of the context of these changes also.

**Needs assessment regarding technical assistance in establishing and/or improving an anti-money laundering regime, in Asian ASEM jurisdictions (10 countries).**

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Needs assessments regarding technical assistance in establishing and/or improving an anti-money laundering regime in six Asian ASEM jurisdictions were carried out. It was decided that only six of the ten ASEM countries will be covered under the scope of the project. It was understood that four of the ten countries, namely, Brunei Darussalam, Japan, Korea and Singapore were in a position to fund anti-money laundering activities from their own resources and, therefore, should not be included in the needs assessment phase, or in the subsequent delivery of assistance arising out of the assessments.

**Three annual anti-money laundering method workshops, including typologies of proceeds of crime and terrorist financing.**

The three workshops on money laundering and terrorist financing typologies that were anticipated to be arranged as part of the Project were not conducted. This activity was cancelled resulting from a recommendation by the TA and its endorsement by the Steering Committee. The underlying reason for this cancellation was that a great deal of time had elapsed between the design and the start of the project. During that time, much similar work had been done globally and regionally by other donors. That type of work is still, successfully, being done on an annual basis in the Asia Pacific region by the APG. The evaluator considers this move as one that reflects the project's ability to identify areas that are in need of priority response and attention to non-proliferation of unnecessary activities as well as donor coordination.

**Two research studies (papers) on (i) cash based and parallel economies, and (ii) database on case studies.**

The initial Research Study (1) aiming to prepare a substantive paper examining money laundering in cash based economies was replaced by a research study aiming to examine money laundering methods and typologies over the last five years. The TA informed the evaluator that the study would be completed by mid-September at the latest. Judging from the TOR for the study which was prepared by the TA, it is expected that the study would describe patterns of current money laundering, identify current trends and significant risks relevant to the region, and recommend measures to be taken to combat the risks identified.

The Research Study (2) relates to the establishment of a database of case studies on money laundering and of conducting a study on the links between organized crime groups in Asia and Europe. The research project addressed issues such as : what is the nature, extent and impact of money laundering in the Asia region; what methodologies are being used to launder criminal money; what is the nature and extent of the money laundering links known to exist between organized crime groups in Europe and the Asia region; what vulnerabilities exist in those systems currently in place in the region to counter money laundering; and what strategies might be employed to develop effective countermeasures to money laundering in the region. AMLO is undertaking the Research Study 2 which is in its final stage of completion. When this is completed, including the Web based case study portal, it will be shared by other FIUs in the region and also to the EGMONT group.

It is anticipated that the prototype system for international money laundering data exchange will provide something useful and worthwhile to the international community, since it is a simple and user-friendly system that has not been developed by any other system, or agency previously.

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Discussions on these two activities are contained also elsewhere in this report.

**Mission to Offshore Financial Centres. Workshop/ seminar attended by officials from offshore financial centres in the region.**

The mission to offshore financial centres, as well as the organization of a workshop/seminar to be attended by officials from such centres in the region did not take place. This activity was cancelled resulting from a recommendation by the TA and the endorsement of this recommendation by the Steering Committee. Since the preparation of the Project Document, there has been significant focus internationally on the use of offshore financial centres for money laundering. There has been several studies and assessments conducted of financial centres around the world resulting in considerable pressure being applied to those centres to comply with international anti- money laundering standards. The rationale for this change seems sound and worth commending.

**Training for regulators, law enforcement officers and administrators working in key units handling, judicial cooperation, exchange of intelligence :**

Training and Technical Assistance Programmes and Seminars to ASEM Asian Jurisdictions were provided. This includes national level trainings for judges, law enforcement personnel and prosecutors as well as a regional workshop in Malaysia on Mutual Legal Assistance. Additional value addition was the implementation of Computer Based Training (CBT) in the six countries. Discussions on these areas are contained in several sections in this report.

**National Training Programmes across all six countries :**

Training on Financial Investigation :

Training events on 'Financial Investigation' were conducted in all the six beneficiary countries according to the following schedule :

Indonesia:	1 – 10 Oct 2004
Vietnam:	25 Oct – 3 Nov 2004
Philippines:	8 – 19 Nov 2004
Thailand:	1 – 12 Nov 2004
China:	10 – 14 Jan 2005
Malaysia:	24 Jan – 5 Feb 2005

These training programmes had one overall goal: to provide investigators practical instruction and guidance on financial investigative techniques. It was expected that, at the completion of each course, participants would have enhanced their existing skills and be better equipped to undertake money laundering and other financial investigations, including the identification of criminally derived assets.

In general, the trainees consulted were satisfied with the quality of the training modules, trainers' ability and the outcomes of the training in terms of capacity building and knowledge

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enhancement. While, most countries thought that the time frame was adequate for a ‘start’, China’s training was for one week as opposed to two weeks in other locations which some participants considered inadequate and requested future refresher trainings in this area.

The six training events trained about 160 officers working directly with financial investigations, such as officers within the police, customs, narcotics agency, corruption agency, or financial intelligence unit, or officers working indirectly with financial investigators, such as prosecutors and, in some rare cases, judges and, hence, providing them with an understanding about how the evidence presented to them is obtained. Of particular relevance to the trainees knowledge building was the use of case studies from Europe and USA and in some cases, ability of the trainers to relate these case studies to the context of the project’s participating countries’. However, reservations were expressed also in relation to lack of sharing of training modules and plans prior to the training which essentially was a missed opportunity to take the trainers’ views into consideration while designing the modules.

### **National Prosecutors’ Trainings:**

National training events on ‘Prosecution of Money Laundering’ were conducted in three beneficiary countries :

Thailand: 13 – 17 Dec 2004;  
Philippines: 14 – 18 March 2005; and  
Malaysia: 11 – 15 April 2005.

These training programmes were ‘quick’ and ‘rushed’ as some participants commented in all the three countries. The primary goal for these training was to provide the participants with a sound knowledge of the basics of the investigation and prosecution of money laundering and related offences. It was expected that the course, for each jurisdiction, would provide participants with a sound understanding of the key legal and practical issues relating to the investigation and prosecution of money laundering offences and provide practical advice on, the application of laws which allow for the seizure and confiscation of proceeds of crime. Some 80 officers were trained involved in prosecutions of financial crimes representing the Attorney General’s offices, anti- corruption agencies and financial intelligence units. Case studies and interactive presentations were used in these trainings.

Thailand was particularly appreciative of the training in that it gave them the knowledge and tools to improve the legislative frameworks in anti-money laundering. The workshops on judicial areas were very useful and helped Thailand understand new cases and helped judges interpret laws more meaningfully. All countries complained of the short duration of the training (5 days) and future training should concentrate on the rights of the other party and legal interpretation based on case studies from other countries. The trainers were generally good but lacked sufficient knowledge on the country context (Thailand, Philippines and Malaysia) or other legislative systems in the region. However, they were able to influence the ‘thinking tools’ and ‘process’ for the prosecutors and policy makers.

### **Mutual Legal Assistance Training:**

While the training event on ‘Mutual Legal Assistance in Criminal Matters’ was originally

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considered a national event for Malaysia, it took the shape of a regional activity. This training activity was conducted in Malaysia (15 – 17 February 2005) with 22 participants from Malaysia, Philippines and Indonesia.

The training provided the participants with some practical knowledge of the context, content and operation of international processes for making legal assistance requests relevant to the investigation and prosecution of money laundering and financing of terrorism and related offences. The course explained the international legal context in which Malaysia's and Indonesia's anti-money laundering legislation were developed, and provided a comparison of MLA and AMLA regimes on global scale. The training event covered, *inter alia*, the mechanisms, methodologies and techniques for implementing MLA requests, the obtaining of evidence (physical evidence, oral evidence, documentary evidence, temporary transfer of persons, use of video conferencing facilities, etc.), the securing of evidence, the transmission of evidence and the making and responding to extradition requests.

The training was very well-received and the presentations and practical group exercises on how to deal with a case requiring mutual legal assistance from various jurisdictions provided the participants with valuable lessons and innovative approaches for effectively dealing with mutual legal assistance and extradition. Apart from the immediate knowledge gains the trainees received, this event offered opportunity for regional collaboration and lessons sharing as one of the few collective regional activities this project initiated, although not originally intended.

#### **Asset Management Training:**

National training event on 'Asset Management' was conducted in Thailand between 8 – 12 April 2005 (3 days). The main objective of the course was to provide the participants with a knowledge of the requirements for planning and expediting effective seizures and managing seized property in an efficient and cost effective manner. The course explained the need for legislation to provide tools and resources for an effective asset management program, including a law to authorize an asset forfeiture fund. It also identified the skill sets required and the need for a specialized workforce (beyond law enforcement) requiring knowledge of business and real property issues, to handle property maintenance and disposition, and explained the need to develop formal procedures when targeting assets for seizure and forfeiture. The participants expressed satisfaction with the course content and the case studies that accompanied the modules. The training event trained some 20 officers, mainly, from Thai AMLO and other law enforcement agencies. No other countries have been trained in this area although Philippines has expressed interest in this area in future.

#### **National Computer Based Trainings (CBTs):**

This report extensively covers the Computer Based Training aspect of the ASEM AML project in various sections. One of the activities that the Steering Committee selected as a priority, was the transformation of the anti-money laundering CBT programme into five regional languages, as well as the installation of the different languages versions at centres in the six countries. Hence, funds were set aside for a multimedia company to carry out the transformation into the five regional languages; Bahasa Indonesian, Bahasa Malaysian, Chinese Mandarin, Thai and Vietnamese. This activity was not originally foreseen in the project but subsequently piggy backed to a UNODC regional project, *Expansion of Computer Based Training in South East Asia*

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(G53). This project funded setting up of centres within three countries initially (the Philippines, Malaysia and Indonesia) and installed the UNODC Drug Law Enforcement CBT programme at those centres. The participating countries in the ASEM project are also beneficiary countries for G53. As part of G53's implementation in three countries, UNODC presented the CBT drug law enforcement programme to the ASEM project countries that provided a good synergistic opportunity between G53 and G44. National CBT centres were set up in all six countries. Funding for hardware came from variety of sources : national resources, ADB and from UNODC allocations in related activities, independent to the ASEM project. Seven centres were set up in the Philippines, 6 in Malaysia and 9 in Indonesia. Additionally, in Malaysia, the ASEM AML Project provided and installed the CBT AML programme software at the Malaysian FIU. The Project also contributed to the establishment of a CBT centre in the Chinese FIU, the People's Bank of China (PBOC), Beijing. Similarly in Thailand, the Anti-Money Laundering CBT programme has been handed over to the Thai official national counterpart for UNODC CBT, namely the Office of Narcotics Control Board, for installation at the existing centre throughout the country. At the time of this evaluation, centres were being set up in Thailand through the government's own resources. Vietnam had a delayed start with the arrival of the CBT software only on the 16<sup>th</sup> August (refer discussion with UNODC Vietnam). Vietnam has decided to set up of a CBT centre within the State Bank of Vietnam (SBV) along with the establishment of the FIU.

China experienced some difficulties in running the software such as frequent 'shutting down' of the Learning Management System (LMS) although when speaking to Philippines and Malaysia CBT Centres, this appears to be unique to China and needs to be dealt with between China and UNODC. China and Malaysia also informed that they require more flexible mode of learning which includes waiving the print restrictions to allow the trainees to take back with them paper based materials to the Provincial/State Centres. There was also a need expressed to allow the CBT modules to be adjusted to specific rules and procedures in China through upgrading scripts reflecting local conditions.

### **Regional Training Programmes:**

#### **Judicial Training:**

Regional judicial training event was conducted in Kuala Lumpur, Malaysia, for judges from Indonesia, Malaysia, Philippines and Thailand (25 – 29 April 2005).

The aim for this training program was to ensure the efficient and effective application of domestic and, where applicable, international AML/CFT laws and regulations by the judiciary, while maintaining the integrity of the national judicial system and legislature through the administration of justice. The course explained the policy reasoning behind the introduction of AML/CFT legislation, including the international aspects of money laundering and the financing of terrorism; and the domestic impact of AML/CFT, including the economic costs of such crime. It also provided an introduction to the AML/CFT concepts, terminologies and language that the judiciary should be familiar with, including the range of banking and other systems utilised by criminals and terrorists, the type of organisations targeted by criminals such as non-profit organisations and cash couriers and the process of identifying typologies. The various treaties and conventions that make up international law and the applicability of these to domestic law were briefly examined.

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Participants consulted during the evaluation expressed satisfaction that this training provided them with a good understanding about anti-money laundering which was not generally a regular theme of their work. Particularly useful was specific examples of the practical application of the key legal and evidentiary issues relating to the investigation and prosecution of money laundering offences, including forfeiture of the proceeds of crime, and the relationship between a Financial Intelligence Unit (FIU), law enforcement and the criminal law. Additionally it provided the participants with a practical understanding of the content and operation of international processes for making legal assistance requests.

The training event trained a total of 18 judges, including five judges from Malaysia, Philippines and Thailand respectively and three judges from Indonesia. Participants from Philippines commented that this training was of major significance in their day to day work. As one judge puts it : *“I can now quickly dispose petitions in my court with the enhanced working knowledge in Anti-money laundering..... I also have developed friendships with my colleagues in the neighbouring countries”*. However, some fine tuning needs to be made for future training in this area, especially linking the general concept to national realities and conditions.

### **China Placement Activity:**

The initial technical assistance to be provided to the Chinese Financial Intelligence Unit, CAMLMAC, involved the placement of a mentor within CAMLMAC. However, considering that an expert from UK already had provided such in-country assistance in the wake of the set-up of CAMLMAC, the Chinese expressed at the first Steering Committee meeting the need for short-term visiting and, middle-to-long term working opportunities for CAMLMAC staff within foreign experienced FIUs. The Project arranged short-to-middle term working opportunities for five CAMLMAC officers in four foreign FIUs. As part of these opportunities the officers had an opportunity to study the trends in AML activities in the hosting country, to analyse the AML legislative systems in the hosting country (S.Korea, Singapore, Australia and the Netherlands) and become familiar with some actual cases. Another aspect the officers were exposed to was the international AML cooperation and development trends.

In addition, considering that CAMLMAC is only in its infant stage, the officers studied the overall establishment and working processes, including the structure, the department role of the human resource, intelligence gathering, transaction analysis departments to take note of lessons learnt and practices that can be implemented, or avoided, within the newly established Chinese FIU. As mentioned earlier, similar value added activities should benefit other participating countries if future funding is available. EC and DFID officials interviewed during the evaluation have also expressed that these activities are practical and has the potential for long term sustainable results, especially in relation to developing regional networks and networks between Europe and Asia.

## **3. OUTCOMES, IMPACTS AND SUSTAINABILITY**

### **3.1. Outcomes and Impacts**

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A challenge inherent in a project of this nature and complexity is to remain sustainable in the long run through creating a lasting impact and capacity building among the stakeholders. Despite the difficulties experienced in the implementation stage, the project has been able to infuse confidence among the stakeholders and create an enabling environment which allowed the countries to participate at each stage of the project. It is indeed difficult to assess what impact this project will have on the long-term sustainability once UNODC assistance ceases. The evaluator is mindful of the many challenges this project has faced with regard to the implementation modality and lack of clarity of partners' roles. The evaluator has thus carefully weighed the achievements against the various benchmarks that are realistic measurement of the sustainability and impact of this project.

Ownership and Participation:

The project was able to sufficiently demonstrate that the activities envisaged in this project were owned (through their inputs to the needs assessment and subsequent contribution to training planning and hosting the events) by the governments. This ownership is indispensable instrument for sustainability. The evaluator feels that this project is a good example of a balanced partnership between the central agency (Central Banks, FIUs etc) of governments and broad national institutions where UNODC's role was largely that of a catalytic agent. This was evidenced in several activities, such as training, needs assessment, and in the implementation of the research studies

Capacity in the government:

The evaluator feels that some core capacity has indeed been developed within the primary agencies (FIUs) and other relevant agencies, such as the judiciary, law enforcement agencies, provincial level investigating agencies and the like. However, this process although is currently sound, there appears to be a need for the governments to commit to retaining trained staff within their agencies for some years to come. It is hoped the core capacity created within the various institutions in the governments will ultimately be beneficial to the region as a whole.

Training sustainability:

**One of the key success areas of the project is that it was able to put in place some high quality training that were evidence based, practical and real with a view to developing technical, 'thinking' and management skills relevant to anti-money laundering practices. While this is a positive feature toward long term sustainability, the project did not leave behind sufficient tools, such as training manuals and a core group of training mentors which the beneficiary institutions could have adopted with flexibility in future. A measure of sustainability for this project is the degree to which participants engage in professional development activities in the identified areas. The evaluator recommends that in future, attention should be given to develop core group of trainers and mentors within the FIUs and other training agencies, such as the Philippines Judiciary Training Academy who could conduct in-country workshops for multi-departmental participation.**

Recurrent cost subsidy:

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The evaluator was unable to receive some firm indication either from the project team or the national authorities met that the some of the recurrent cost subsidised by the project in the participating countries, such as maintenance of computer for CBT training.

Imminent closure of the project:

The project is ending when some positive results occurring out of the initial work are beginning to emerge. This will undoubtedly affect sustainability of the project in that some of the most critical regional collaboration interventions will remain unattended and there will be limited opportunity for UNODC and donors (DFID, EC and the Netherlands) to assess the full extent of impact arising out of their efforts.

### **3.2. Sustainability**

Sustainability of any project of this nature is a major concern for UNODC and the donors. While this project has many potential results towards reaching sustainability, the various other activities by bilateral and multilaterals (USAID, DFID, Australia, IMF, ADB and World Bank) would collectively contribute to the achievement of the broad development goals and sustainability in the future. Political will of the participating countries have been of paramount importance. Although degree varies, there has been a wide demonstration of political will by the countries participating in the project to combat money laundering.

Anti-money laundering projects must be viewed in context to determine realistic results. Difficulties are often accentuated by reluctance to change weak systems. By its illegal nature, any measurement of an increase, or a decrease, of money laundering becomes difficult. Also, full impact and sustainability of the Project may only register in the longer term. This might particularly be the case concerning two outputs within this project, namely, the establishment of a database of information and intelligence sharing between Europe and Asia, as well as the computer-based training, as they will go on beyond the timeframe and scope of this project.

**Experience has shown that anti-money laundering interventions are directed at people who are cut off from the main stream of licit society and are left with illicit economy. Essential to the success of anti-money laundering activities is the need for institutional management capabilities relevant for understanding, planning and managing the integrated and multi-agency approaches required. Consistent with the objective of the project under evaluation, such approaches are being increasingly accepted and addressed in all countries consulted, albeit with some varying degree of success. As money laundering is understood increasingly by the general community in the context of 'crime' and as institutions like FIUs become more mature, legislations are put to regular tests and cross-border cooperation become the norm -- the true impact, sustainability and outcomes will be more visible. It is only a matter of time.**

There is a general consensus among the government officials and other stakeholders that the various institutions and agencies now have an improved understanding of money laundering issues and their relationship with governance practices in the countries, and relevance to regional and trans-continental cooperation. All officers that now have access to the AML CBT programme, this will mean that relevant officials across the Asia/Pacific region have been trained

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to the same standard. This is important since these countries will be dealing with one and another in relation to different criminal cases and will be speaking ‘the same operational language’. They will all have been trained to the same standard, using the same CBT training. This represents a great advantage as it will facilitate their dealings with each other. Therefore, also this project activity will, in the future, greatly contribute to the improvement of cooperation between countries in the region. Additionally, it will contribute to improved collaboration and cooperation with countries in Europe and other developed nations since the training provided through CBT offers training to the same standard as provided in the West. (ref. Draft Terminal Report, September 2005).

Although the project was unable to fully harness greater regional cooperation and build sustainable linkages between Asia and Europe, it has nevertheless made available to the governments and international donors, an increased number of choices of national capacity building tools to prevent or reduce the risks of money laundering and transnational crimes on the whole.

In short, the project, despite its many limitations, is largely sustainable, particularly in leaving behind a core capacity within the governments in identifying, planning and implementing anti-money laundering interventions. There is a visible ‘shared vision’ emerging among the governments in the participating countries in addressing the issues of money laundering, their causes and associated trans-national crimes.

#### **4. LESSONS LEARNED AND BEST PRACTICES**

*This section should be ideally read in conjunction with the section that follows (4.3 Constraints)*

##### **4.1. Lessons**

The nature of the project is consistent with the contemporary mandate of UNODC, the various formal policy pronouncements in the participating countries and most importantly with the challenges the region increasingly faces with regard to transnational crimes, problems associated with drugs, corruption and terrorism. The continued relevance of the project purpose and design was reconfirmed by the participating countries in a number of meetings held in course of the project implementation, including the Steering Committee meetings and during the evaluation exercise itself.

The strength of this project is the flexible approach in developing professional knowledge and skills amongst the policy makers and operational level officials related to anti-money laundering. This has allowed the project to be innovative and responsive to the emerging needs of the stakeholders; be participatory in understanding the needs and vulnerability character of the stakeholders; and plan interventions that are flexible, cost-effective and sustainable both within their own countries and in regional context. The CBT, Work Attachment, Research Studies all point out to this direction. None of these activities were within the prescriptive design document that was considered as the initial instrument for the project. The project was a very timely intervention against the backdrop of rising demand for combating money laundering in East Asia.

The overall rationale of the project was considered to be sound although the design document fell short in terms of logical coherence. Judging against the current context of project with regard

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to its implementation and the impact of the various activities on the overall capacity building goal, the evaluator feels that the design suffered from the following deficiencies:

- Lack of clarity of roles among partners and absence of a project funded Technical Adviser: one of the main shortcoming of the design was the absence of the provision for a full time Technical Adviser (TA) to guide the activities of this highly demanding project. The existence of an external TA who is not remunerated by the Project Budget, has proven to be detrimental and to involve a great risk in terms of the project office's ability to deliver quality project activities in a timely fashion. The current arrangement placed enormous demand on an in-house PC and her assistant who were entrusted to direct and manage this project they handled with utmost resilience and dedication. With a different skills set and motivation level, the project may not have met with the same level of success. Hence, in future this risk factor must be seriously weighed and appropriate support mechanism must be considered at the design stage, including the allocation of a fully dedicated Technical Adviser. Discussions with the TA, however, reveals that the original discussions about having an ASEM Project at all were based on a submission that the Project would be best delivered under the auspices of the APG with all the benefits that would flow from that including harmonization of this project with other projects and the availability of technical input on an ongoing basis.
- Inadequate recognition to the diverse and over stretched absorptive capacity: the design falls short in recognising early the competing priorities within a complex environment that have subsequently placed some pressure on the governments to devote the time required in this project in addition to their role in implementing their other national priorities. This was particularly true with respect to Vietnam which required sorting out some internal 'house keeping' issues (such as deciding on the national focal point, passing the AML decree and determining the inter-sectoral collaboration mechanism) first before embarking on this project with full commitment;
- Resource vs Activities : the various activities envisaged in the project document were not matched by adequate level of inputs. The project often operated on a 'shoe string' budget but represented an example of good 'value for money' that was possible through judicious utilisation of resources and careful monitoring of project funds by UNODC;
- Risk management issues: linked to the above is the weakness in the design in not addressing some critical risks while designing the project. This directly links to the aspect of remote location of the TA, absorptive capacity within the governments and management structure of the project;
- Design/Log Frame : Log frames are key design instruments to verify the progress and impact of projects lending itself to a practical assessment of project targets. There was no logical framework developed as part of the project design. The logical connections between the problems and the remedial actions were weak. It also made the evaluation exercise somewhat challenging in that the evaluator relied on common sense and respondents' perceptions to arrive at various conclusions. Project design should identify milestones to facilitate project monitoring. In this project, project Work Plan and budget provided limited clarity in defining exact nature of inputs and was left for diverse interpretation by various actors. It is however, understood that by remaining somewhat

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less prescriptive and flexible, the project could plan the activities according to the emerging priorities and needs;

- Issues arising out of Competitive Bidding : As a competitive bidder for DFID funds, UNODC was not involved in the project idea stage, or in the design of the DFID project document. This led to the absence of institutional memory in UNODC : knowledge about the inception of the project, the parties involved, the initial concept documents that existed in connection with the Project, and the implementation arrangements that was envisaged at an earlier stage, prior to UNODC expressing interest to participate as the implementing agency. Frequent changes in the Project Management level in DFID UK also hindered the process of retaining institutional memory and consistency in policy directions pertaining to the project. Notwithstanding this, the project handled well the issue of adjusting to the new demands through constant refocussing of priorities, although several activities originally envisaged were quickly losing their relevance with the delay in the start of the project as other donors were actively pursuing similar activities with appropriate pace and resources. The TA's role in remaining vigilant and his ability to judge priorities must be commended.
- Missed opportunity to collaborate with UNODC Headquarters Global Program on Anti-Money Laundering (GPML) : Linked to the above is that the project had missed opportunities to collaborate with UNODC's Global Program on Anti-Money Laundering (GPML) that could lend technical support to the project both at the design and implementation stage. Coordination with GPML was weak and often non-existent. This issue must be seriously considered in future development of AML projects or specific activities in the region regardless their funding sources.
- Regional coordination and collaboration with ACCORD : While the project did support several national training events, and some regional trainings, the design did not stipulate any major unified actions that could allow development of 'policy harmony' in the AML sector in the region, or some permanent and sustainable information sharing mechanisms on which future collaboration among the participating countries could rest. Having said that, some of the new activities (i.e., Research Study 2 in particular) will hopefully generate some regional sharing of ideas and experience in future. Future regional cooperation initiatives in AML may also be aligned with the ACCORD Plan of Action and the Projects that emanate from ACCORD given the potential for synergies between AML activities and the various sub-regional actions under the ACCORD Plan of Action.
- Special consideration/Gender issue: The design did not specifically reflect on gender issues and fell short of articulating any clear nexus between gender and AML activities, and how this critical dimension would be included in the project activities.
- Communication protocols : Pre-project consultation among the various parties (donors and countries as well as the TA) should have ensured that communication protocols and strategies between the TA, UNODC Regional Centre, DFID/EC and counterpart are understood and appropriately tailored to the stakeholders' needs.
- f Monitoring and Evaluation Protocols : Appropriate QA practices and monitoring protocols should have been established in conjunction with the Steering Committee at an

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early stage that are appropriate, understood and regularly reviewed and updated by the TA and PC. A project of similar complexity and scope should be reviewed at least two times during its life time (mid term and terminal) and these review exercises should be linked to Tripartite Review Meetings (TPRs). Sufficient funds should be allocated before hand, preferably at the design stage and should not be used for any other purposes.

- f* Skills of Consultants : Care should be taken to ensure that the various consultants are good match in knowledge and skills consistent with local legislations and practices. Where appropriate a mix of local and international facilitators should be used in training; and
- f* Need for some further advocacy : Vietnam has indicated that their AML decree will be passed by the end of 2005. However, by international and even on the regional standard, Vietnam has demonstrated limited commitment to develop an anti-money laundering regime across the Financial sector that is fully functional and effective. Vietnam showed preference to involve their law enforcement sector over the Financial (banking) sector in AML matters. This calls for the need for further advocacy work in Vietnam, especially with regard to reinforcing the banking sector, the regulator sector and the law enforcement sectors that can collectively make up a country's AML regime.

#### **4.2. Best Practices**

There is a general consensus among the stakeholders that the various institutions, including the national focal points now have an improved understanding of Anti-Money Laundering issues, including the nexus between AML and good governance. These include factors affecting domestic financial transparency and cross border cooperation within a regional and to some extent trans-continental context (i.e., Europe and Asia). As one of the key officials consulted puts it .... *"this project opens the door for us to understand our neighbours better, talk on a common table as if we are one entity, and share our successes and failures without any inhibition... it is upto us how we can harness this opportunity. A one-off project event, however, is not the solution. We need to reinforce what we have learnt and do more of this kind without a long wait"*. This statement sums up the key success of the project and reiterates the basic premise of the immediate objective.

Some of the salient features that can be regarded as Best Practices include :

- f* High value for money --- low budget but targeted activities thus resulting in high impact;
- f* Flexible approach to priority setting within remaining loyal to the prescriptive list of activities in the project document. The technical advice of the TA, the role of the Steering Committee and openness of UNODC are commendable;
- f* 'Not one size fits all' approach – the comprehensive Needs Assessment undertaking was a good example of maintaining a targeted and 'needs based' training and other Technical Assistance initiatives tailored to country specific needs;
- f* Use of appropriate local institutions to undertake some technical assistance activities  
(example : Research Study 2 by AMLO and Thammasat University);
- f* Attention to non-duplication of activities undertaken by other donors and developing synergies with other donors (USAID, ADB, AUSTRAC etc.);
- f* Value addition through use of existing UNODC good practices (such as CBT) and

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support

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rendered to this project by UNODC's other projects (both direct and indirect) in the region.

### 4.3. Constraints

The following description of constraints stems from the analysis contained throughout this evaluation report. These relate to Project Management as well as Design and Content :

1. Lack of clarity in Management Structure: The project (culminating from the original DFID design envisaged for commercial tendering) did not initially call for UNODC to provide any substantive technical role given that an independent Technical Adviser (TA) was engaged by DFID. UNODC's role was largely seen to be the provider of support to the TA in terms of 'logistics', 'administrative support', 'travel arrangements' and financial management'.<sup>9</sup> UNODC should have assessed within its own mandate and global credentials and judged beforehand whether or not the proposed roles met its 'developmental satisfaction' without giving preference to the resource mobilization priority it faces. The arrangement that the TA remains outside of the UNODC project mainstream did appear advantageous at first. However, it proved throughout the lifetime of the project to be cumbersome, especially given his location in Sydney. As discussed elsewhere in this report, the TA's technical knowledge and credibility was of highest standard; however, his regular attendance to regular issues in a timely fashion impacted on the timely delivery of a project. UNODC had very little control in this matter. The Project Office (UNODC) did not have a copy of the TOR for the TA. As mentioned in Section 1.5, this TOR was prepared prior to UNODC's engagement in this project. This did not undergo any revision during the lifetime of the project, nor shared with UNODC or the participating countries although over the life of the project the TOR's focus also changed, including the time commitment expected of him.
2. Existence of multiple Memoranda of Understanding (MOUs): UNODC signed an MOU with DFID in July 2002, agreeing to a project document that had been reformatted into a UNODC project document format, as well as agreeing that UNODC would administer and account "for the Contribution in accordance with its financial regulations and other applicable rules and procedures" (see also discussion under 1.5. Executing Modality/Management Arrangements). There was no mention within the documentation provided to the UNODC about EC's financial contribution to the project, indeed 50% of the contribution.<sup>10</sup> Hence, until about a year prior to the completion of the project, the project office was unaware of the involvement of the EC in the project and, hence, unaware of any rules and regulations that the EC expected the project to adhere to (such as engagement of European consultants and contractors). In addition to the two above-mentioned MOUs, there is an additional third MOU, which was signed by the UK, the EC and Thailand on 10 September 2002. It was only in May 2005 that Thai AMLO provided the project office with a copy of this MOU that allows UNODC to handover the project equipment to AMLO in accordance with the MOU.

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<sup>9</sup> UNODC and DFID Project Documents

<sup>10</sup> It was not until just prior to the first Steering Committee held in September 2003 that the project coordinator found out from DFID that EC contributed 50% of the funds. It was, furthermore, not until in November 2004 (during EC monitoring mission) that the project office received a copy of the MOU that had been signed by DFID and EC prior to the signature of the MOU between DFID and UNODC.

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2. Weak Project Design: The evaluator received three versions of the project concept and design documents : Original one formulated by DFID, one that EC approved through its internal system and the UNODC project document. While all of these documents agree on the fundamentals of the project (i.e., identification of problems, capacity building focus and regional cooperation enhancement) , these documents differ in style and format and indicators that represent the success or failure of their respective projects. For example, the ‘End of Project Situation’ section in UNODC document lists scenario that does not have a direct link with the specified project outputs outlined within the same document. It would appear that the cause of this is that the end of project situation indicators stem from the EC project document, where they represent ‘expected results’, but since the outputs within the EC logical framework had no apparent link to any project activities. Furthermore, the outputs that were included in the UNODC project document were drawn from the EC ‘strategies’ rather than outputs. In addition, some concrete and measurable ‘expected results’ as outlined in the EC project document were duplicated in the UNODC project document as measurable ‘end of project situation’ indicators such as the preparation of an “action plan *‘identifying ways Asian and European countries can cooperate to disrupt the activities of organised criminal organisations operating in both Europe and Asia’*, and to *‘keep abreast of methods used by such organisations to exploit weaknesses in existing national anti-money laundering systems’*. These are not supported by activities that request the preparation of such an action plan.

For the purpose of this evaluation, the UNODC Project Document was used as the principal guide.

3. Absence of substantive linkages with UNODC Headquarters and GPML: Collaboration and cooperation between the project office in UNODC RC and the GPML at UNODC HQ proved to be difficult throughout the project’s life. Considering the lack of expertise in the subject-area at the UNODC Regional Centre, there was reference made in the project document to the fact that the GPML constituted a “focal point for substantive issues related to money laundering within the UN system” and, hence, could back-stop the ASEM AML Project. However, due to the initial divergent views between the RC and UNODC HQ as to the appropriateness of RC’s role as the implementing agency for this project, limited assistance was received from GPML when requested and required. While a collaborative climate should be have been created at the very outset of the project between the RC and the GPML through an open dialogue, the project could have gained GPML Project Management could have taken a more flexible and accommodative role to support this project more proactively.
4. SARS Epidemic: The spread of Severe Acute Respirator Syndrome (SARS) and the restriction of travel in the region caused some delay in the carrying out of needs assessments in 2003. The delay caused by SARS was nevertheless minimal compared to delays caused by slow submission of reports by the experts carrying out the assessments, and delay in approval of these reports by the TA.
5. Appropriateness in trainee nominations : Receiving right nomination of trainees in various training programs posed challenges from time to time. Often trainees were nominated not based on their skills or roles but based on considerations such as ‘it was

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their turn to attend a course' or 'seniority' in the organization. While this phenomenon is quite common in most development projects, the slippages in this project has been generally low. This could have been also avoided if the project had allowed sufficient time for arranging training and nomination of trainees; and

6. Absence of Central Counterpart in Vietnam: In Vietnam there was no central authority on money laundering. The initial project counterpart, the State Bank of Vietnam, informed the Project Office that they would no longer be the national counterpart for the ASEM AML Project when the TA did not recommend any assistance to the banking sector of Vietnam, and the Steering Committee endorsed that decision. The project was not to deliver assistance to any banking sector in any jurisdiction. Nevertheless, feeling that they would not receive any direct assistance from the project, the Project Office found itself without an official counterpart. An ad-hoc arrangement of receiving assistance from the Vietnamese national counterpart of other UNODC projects, namely, the Standing Office on Drug Control (SODC), meant that the Project Office was dealing with an agency whose main area of activity is not money laundering. This led to a lack of commitment to participate the training activities.

## 5. RECOMMENDATIONS

The following set of recommendations has been chosen to assist the donors, especially UNODC in formulating future interventions in the area of Anti-Money Laundering, as well as for general policy and strategies pertaining to future implementation arrangements. These recommendations stem from the many lessons learnt in this project, including the good practices, and the demonstrated resilience of UNODC RC in managing this project in a resource constraint and multi-donor environment, which was often marred by conflicting and unclear roles of stakeholders and their mandates.

### Management Related :

1. Future interventions in anti-money laundering by UNODC RC should be adequately coordinated with the UNODC Headquarters' Anti-Money Laundering Unit. This project was a new and innovative initiative by the Regional Centre but lacked the necessary coordination with UNODC Vienna. An opportunity was lost during the signing of MOU when a solid coordination and communication strategy could be built between the RC and UNODC Vienna as well as between UNODC as a whole and DFID.
2. In undertaking similar interventions in future, UNODC as the implementing agency should ensure that sufficient technical advice exists within the agency, or that a person is engaged through the project to provide technical advice to the stakeholders on a regular basis, rather than resorting to ad-hoc arrangements.
3. Bidding in competitive tenders is not new in the UN system. FAO, ILO and UNESCO have implemented projects through successful bidding. This is becoming more common given the limited resources that are available from the donors for technical assistance interventions. However, UNODC may develop a policy document with regard to competitive bidding that will clarify many of the unaddressed management issues surrounding UNODC's involvement in competitive tenders. When implementing projects from competitive biddings, UNODC must

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carefully work out the operational details, including clarity in roles and financial reporting procedures, and a clear communication protocols with the client(s) at the outset of the project.

4. UNODC field/regional offices should ensure that the UNODC HQ is fully aware of any innovative actions (such as competitive tendering) and is fully supportive of the initiative prior to the commencement of the project. Solutions should be found in relation to any sensitivities, and problems, in advance in order to ensure that the required backstopping from HQ is provided and that all new initiatives are consistent with the overall mandates of UNODC. The UNODC HQ should on the other hand, ensure that once a field office/Regional Centre has undertaken an initiative, this must be fully supported, since UNODC as a collective entity has a mandate to fulfil and a common vision to be achieved.

#### Training and Capacity Building Related :

1. Attention should be given to Training of Trainers and mentoring skills development, including use of co-facilitators from the trainees. This enhances local capacity building in a sustainable fashion and cross-fertilisation of ideas, including sharing of local experience and conditions.

2. CBT has been a success under this project with wide interest among the trainees to learn this technique. Technical Assistance and refresher courses on Financial Investigation should not be a one-off activity. This should be continued on a regular phase as the level of capacity among the participating countries vary and hence newer modules based on new cases and level of capacity should be taken into account, both regionally and nationally. Malaysia indicated that some errors in translation have occurred in CBT. Although these were minor, in future word for word translation should be avoided to reflect the actual meaning of the statements. A paper based approach should be introduced as currently the trainers have to rely on mental memory. This was a common recommendation offered by most of the participating countries. Local context should be introduced in modules specific to country conditions.

3. Training courses should be selected by the countries as a means of ownership and reflection of their needs. While capacity building is important, capacity utilisation from the existing pool of trained personnel should also be given adequate attention by the countries thus ensuring sustainability at all levels : individual, national and regional. Training plan and modules were not communicated to the trainees on time. As reflected in the views of many key stakeholders, future training should encompass three levels : Executive level; Mid manager level and Operational level with appropriate training packages developed in full consultation with the trainees.

4. Future training in Thailand may focus on the anti-money laundering law which is new in Thailand and prosecutors outside Bangkok are yet to be properly trained in the interpretation of the law, including preparation of a manual on the interpretation of the legal clauses building on international practices. Asset Management course course was useful for Thailand which was conducted by experienced trainers from UK. It would have been useful to have cross-national case study reviews and experience sharing from other countries as well as formal exposure to UK's operational activities through attachment programs. Trainees also expressed need for advance course on financial investigation. The course administered was not focused and time was too short to cover a wide gamut of activities.

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5. Work attachment to countries with Common Laws would be useful for Malaysia. Training for the private sector banks in general awareness building in AML would be useful in all the countries in future.

6. Financial Investigation training was generally found useful by participants who lacked sufficient focused knowledge in relation to money laundering issues. This training also helped them gain exposure to the practices in other countries. However, trainees expressed reservation that there was little reference how these can be customised to the conditions of their respective countries. Future training in this area should focus on coordination and networking among the various stakeholders – Police, Customs, Banks and other agencies and advance level training should be designed for countries such as Malaysia and Thailand where foundation knowledge in Financial Investigation already exists.

7. While most of the course objectives (judiciary, financial investigation) were generally sound, there was a lack of focus and appropriate structure that the participants could follow easily and relate to their own context. Some training material, mainly copy of slides were not shared with the participants. Therefore care should be taken to engage stakeholders at the preparation phase of training design and ensure that the training packages are focused, targeted and is built around the existing strength rather than weaknesses of the participants and their agencies. A Strength Based Approach to Capacity Building can lead to long term sustainability and infuse significant confidence amongst the stakeholders; and

8. Further assistance and training in relation to AML should be provided on a regional basis as there is still a very limited understanding about what a AML regime involves and the regional context of AML initiatives.

### **5.1. Issues resolved during the evaluation**

Given that this evaluation was conducted at the end of the project life (Terminal Evaluation), there was no significant resolution of issues this evaluation could contribute to. A Steering Committee meeting or at least a donor meeting to discuss the final evaluation report may be considered. This could allow UNODC and other parties to take a common stock of issues and build a commonality in understanding on various matters for future joint undertakings in this area.

## **6. OVERALL CONCLUSIONS**

The project was designed as a regional undertaking through the integration of national capacities within a regional framework allowing the six countries to collaborate toward a common goal of combating money laundering in the region. Judging from this angle, the project has achieved limited success in fulfilling its intent for regional orientation. On the positive side, the project was successful in developing capacities in the respective countries and incorporating international experience into the development of capacity building tools and subsequent development of some model training and capacity building interventions in selected countries.

Country based networks should now be encouraged to share experience, and collectively

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facilitate a better regional understanding of the relationship between societal changes and criminal activities, including money laundering, and to promote technical competence that may continue beyond the life of the project. Outcomes of Research Study 2 and CBT training should serve as important gateway in this direction.

The central role of regional networking in reshaping attitudinal profiles among high-level policy makers could have been better addressed together with specific techniques for initiating and sustaining regional dialogue. Regional networking activities could have reinforced the principle of 'shared vision' for the real needs of the governments and communities, in addressing the money-laundering problems confronting national authorities, especially those related to porous borders, social and economic disadvantage and in some instances, common legal regimes. Future training if better targeted and owned by national stakeholders will no doubt contribute to furthering the sustainability in national and regional capacities.

In the face of apparent management limitations, weak project design and limited institutional capacity in the participating countries, project management competencies proved to be useful. Some of the exemplary work this project has done was somewhat overshadowed by lack of full time presence of the Technical Adviser and lack of coordination between UNODC RC as the implementing agency and its Headquarters in Vienna. In general, the quality of consultants and trainers was high, as was the technical skills of the TA himself. The various Needs Assessment Studies conducted by the project following appropriately tailored rapid assessment methodologies were of high quality.

**It is well acknowledged that this project has indeed increased confidence of six governments in the following areas : 1. understanding of the 'rules of the game'—the context of money laundering, typologies and legal issues; 2. understanding of the multi-sectoral nature of the problem—engaging different agencies and the 'need to talk to each other; 3. Understanding that anti-money laundering techniques are evolving with hence Capacity Building needs to move with appropriate pace and innovations; 4. understanding that money laundering issues are not just national but are related to regional and international crime syndicates and hence greater understanding and networking within and outside the region is imperative; and 5. money laundering is not an isolated criminal act but a part of larger trans-national criminal activities . It is recognized that the implementation of this complex project came at a cost in terms of heavy work schedules, complex logistics, high administrative costs and limited resources. The project was indeed able to cruise through this difficult process and has laid the foundation for future advocacy, policy and legal reforms and interventions in the area of money-laundering prevention in the region.**

While the project has effectively integrated the multiple government agencies through a number of strategic initiatives, some more actions need to be initiated, especially involving the private sector banks and civil society agencies who are involved in various good governance initiatives. Similarly, the focus of these countries should not be limited to 'investigation', 'arrest', 'seizure of assets' or 'prosecution' but should embrace societal awareness in order to prevent money laundering in the future.

The general perception of the participating country policy makers confirms that the project, within its limited budgetary parameters effectively addressed the issue of improved effectiveness in AML not only in the context of building capacity in the central focal agencies, it also

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indirectly facilitated increase in the inter- ministerial and cross agency sharing of information. Hence, the project contributed to the understanding amongst the policy makers, legislators, law enforcement personnel and judiciary leaders that AML needs to be looked further than isolated approaches involving small geographic areas or single sectoral planning.

The project offered flexibility, interest and openness that resulted in greater cooperation amongst the various AML focal points within the region. The project offered a highly innovative but flexible approach that facilitated responses from multiple sectors standing on a wholistic platform. This approach must not be halted here ; rather it must be taken further, building on its initial success to strengthen a wider multi-sectoral collaboration involving drug control agencies, law enforcement groups, private sector banks as well as social and financial management agencies and civil society organisations on a regional cooperation basis.

The Overall Objective of the project was stated as : *to develop sustainable capacity in the Asia region to address money laundering at a national, regional and international level.*

This broad objective is a higher level goal which cannot be achieved through a single project of this nature but through the concerted efforts of several initiatives and the evolving advocacy that several institutions, donors, private sectors and individuals are carrying out in the region. There are already some positive signs that this broad objective is reaching fruition in a steady pace. Future interventions by UNODC in anti-money laundering in the region need to be harmonized with the key critical instruments that are already available in the region and globally. These include the Sub-regional Action Plan, ACCORD Plan of Action and the Global Program in (Anti) Money Laundering (GPML). Other catalytic interventions of UNODC in the region (in the area of drug control for example) are signs that institutions in East Asia are becoming mature by adopting effective policies and measures for the prevention and reduction of drug trafficking, production and consumption--- all that are relevant to the nature of crimes in the region, including money laundering.

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**Annex 1. TERMS OF REFERENCE**

**Project Title:** UNODC Participation in the ASEM Anti-Money Laundering Project  
**Project Number:** AD/RAS/02/G44

## **1. Background**

The ASEM Anti-Money Laundering Project is the outcome of the ASEM Finance Ministers Meeting in Frankfurt in January 1999 where progress on a project addressing the issue of money laundering was called for as a result of previous discussions at the ASEM II Summit of Heads of State and Governments in London (3-4 April 1998). Member States and Institutions had at this summit demonstrated their willingness to strengthen the cooperation against money laundering. The European Commission is a full member of ASEM; the other members being the EU Member States and China, Korea, Japan, Brunei, Indonesia, Singapore, Philippines, Thailand, Vietnam, and Malaysia.

The project was initially funded through a 50-50% contribution by the UK DFID and the EC. After the First Steering Committee Meeting, costings were made for the endorsed activities to be carried out during the implementation phase of the project. The Netherlands contributed with additional funds to assist in carrying out the activities supported by the Steering Committee. The implementing agency of the project is the UNODC Regional Centre, Bangkok. The project's Technical Adviser is responsible for the technical overview and input to the project, the identification and selection of experts and trainers, as well as the drafting of terms of reference for each project activity. At the outset of the project, a MoU was signed between the EC and UK DFID, thereafter, another MoU was signed between UK DFID and UNODC. The European Commission, the Netherlands and the European Commission are, thus, the funding agents for this project. Total funding amounts to \$ 1,267,372 over a three year period extending from August 2002 to July 2005.

The broad objective of the ASEM Anti-Money Laundering Project is to develop sustainable capacity in the Asia region to address money laundering at a national, regional and international level. Since its inception, the project has provided technical assistance and training to six Asian ASEM member states, namely, Thailand, Malaysia, China, Vietnam, the Philippines and Indonesia. The project has carried out two research studies on money laundering and also initiated the information and intelligence-sharing database managed by Thailand's Anti-Money Laundering Office, AMLO, in conjunction with a number of financial intelligence units in Asia and Europe.

The project fulfils its objectives principally through provision of technical assistance and training. Its general thrust in the area of technical assistance focuses on assisting one priority jurisdiction, namely, China, to enhance the capacity of its newly established financial intelligence unit. The provision of training targeted the legal, financial and law enforcement authorities, which have been trained in order to develop and enhance the necessary infrastructure to fight money laundering. The research activities have focused on work that adds to the body of information on contemporary issues relevant to money laundering; one activity relates to the establishment

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and maintenance of a relevant database, and the analysis of data on case studies of money laundering, and the other research activity on money laundering typologies.

Throughout the project lifetime, considerable effort has been expended in consulting the Steering Committee Members and, thereby, identifying needs, objectives and expected results. Initial expectations were reconfigured during the First Steering Committee Meeting in September 2003 to identify realistic results that are achievable within the time frame and resource constraints. Further amendments were made, in particular, to one of the research studies, during the Second Steering Committee Meeting in January 2005, in view of time constraints. Costed Work Plan I & II, which came out of the two Steering Committee Meetings, therefore, substitute the initial project document to a certain extent.

## **2. Evaluation Purpose**

An evaluation of the ASEM Anti-Money Laundering Project was foreseen within the initial project document as the final activity of the three year project, marking the end of the project phase. The stakeholders of this evaluation are the UNODC, the ASEM, the Steering Committee, the beneficiary countries, the three donors and the international community. The evaluation will focus on assessing the beneficiary countries experiences with the project and their perspectives on the benefits received.

The overall purpose of the evaluation is; 1) to assess achievements, outcomes and likely impacts both positive and negative of the Project; 2) to learn from the Project implementation so that lessons can be drawn that can be basis for instituting improvements to project planning, design and management, and 3) to assess potential sustainability of the assistance provided by the Project.

## **3. Evaluation Scope**

- The timeframe to be covered by evaluation is August 2002 – present.
- Geographical coverage is the six Asian ASEM countries identified as priority countries by the donors outlined under ‘Background’.

Under each of the above-mentioned overall evaluation purposes, the Evaluator will;

### **1) Assess the effectiveness of the Project:**

*What are the achievements, outcomes and likely impacts, both positive and negative, of the Project? Has the Project attained its objectives? To what extent has the Project met the needs of the beneficiary countries? For instance:*

- f* Have the Project results contributed to the project’s overall goals of addressing money laundering in the Asia region and developing sustainable capacity to achieve this?
- f* Has the project resulted in agencies and institutions in the region being better positioned and equipped to champion money laundering?
- f* How has the enhanced institutional capacity improved the ability to combat money laundering and financial crimes in the region?

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- f* To what extent has partnerships to promote anti-money laundering measures at a national, regional, and international level, been strengthened?
  - f* How have these partnerships contributed to the advancement of anti-money laundering efforts?
  - f* To what extent has training resulted in money laundering awareness and improved capacity to detect, investigate and convict money laundering and financial crime offenders?
  - f* How has such increased awareness initiated national governments to provide training and equipment to strengthen their anti-money laundering systems, including training and equipment to those agencies engaged in implementing national strategies and cooperating regionally and internationally?
  - f* Have any ways been identified through which Europe and Asia can cooperate more effectively to disrupt the activities of organized criminal organizations operating in both Asia and Europe?

2) **Consider the efficiency of the Project implementation;**

*What lessons can be drawn from the project implementation that can be the basis for instituting improvements to project planning, design and management? Particular attention should be given to lessons that can become the basis for improvements in contractual arrangements and in communication between international organisations/providers.*

- f* Have stakeholders been actively and meaningfully involved in project design, implementation, redesign and monitoring?
- f* What is the Project's performance in terms of the relevance of results, appropriateness of design, resource allocation, and informed and timely action?
- f* Is the relationship between project costs and results reasonable?
- f* Were any problems and/or constraints encountered during the implementation?
- f* How efficiently was the project planning and implementation carried out, i.e. how did managerial support and coordination mechanisms support the project?
- f* How have the contractual arrangements in place impacted on project implementation?

3) **To assess potential sustainability of the Project:**

*Were the resources utilized efficiently to produce sustainable outcomes? Will the results and outcomes, as well as the impact the project is likely to achieve be sustainable?*

- f* What are the lessons learned and what recommendations can be made, in view of the lessons learnt, for future anti-money laundering technical assistance and training initiatives?
- f* What is the Project's performance in terms of likely sustainability?
- f* What options could be considered for possible future management and implementation of similar multi-donor funded projects, given due account to political and practical considerations? What would the costs and benefits be of those identified options?

#### **4. Evaluation Methods**

##### **Evaluation Work Plan:**

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The Evaluator will prepare a detailed work plan that describes how the terms of reference will be implemented. It will be approved by the Technical Adviser and the UNODC, and act as an agreement between parties for how the evaluation is to be conducted.

#### Consideration and Analysis of Collected Information:

The Evaluator will be expected to consider all major document such as the project document and its revisions, progress reports, etc. The Evaluator will also be expected to review and analyze any evaluation material collected and administered by consultants, such as questionnaires, as part of their terms of reference for technical assistance and training delivery during Phase II of the project.

#### Interviews:

The Evaluator will undertake interviews with key informants (person to person, or by telephone) such as donors, project staff and stakeholders in the beneficiary jurisdictions.

#### Field Visits:

The evaluation is to include site visits to consult with project stakeholders; and collect additional information in accordance with the requirements stipulated in the Evaluator's work plan. The site visits are expected to be no longer than a maximum of three days in duration per jurisdiction/location, with the exception of Thailand where the duration could be longer if time allows, in view of the research study carried out in that jurisdiction and in view of the fact that the project office is located in Bangkok.

#### Evaluation Report:

The Evaluator will prepare an evaluation report that describes the evaluation and puts forward the Evaluator's findings and recommendations. Prior to finalizing the evaluation report the Evaluator is expected to circulate to stakeholders for the purpose of verifying factual information.

## **5. Evaluator Qualifications**

An independent Evaluator that has had no prior involvement with the Project during its design and implementation phases will carry out the evaluation. The nominating party is UNODC. The Evaluator will not act as representative of any party.

The Evaluator is expected to be:

- f* Professional who has good knowledge and previous experience about money laundering and crimes related to money laundering;
- f* Reliable and effective evaluation manager with extensive experience in conducting evaluations and a proven record delivering professional results;
- f* Fluent in English;
- f* Familiarity with the region.

## **6. Planning and Implementation Arrangements**

### **6.1 Deliverables**

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The Evaluator will prepare:

- 1) an evaluation work plan;
- 2) an evaluation report.

These deliverables are to be:

- f* Prepared in English only
- f* Submitted to project office via e-mail and/or diskette

#### 6.1.1 Draft Evaluation Work Plan

A draft evaluation work plan is to be submitted within one (1) week of the signing of the contract.

#### 6.1.2 Evaluation Work Plan

Within one (1) week of receiving comments from the Project Office and Technical Adviser on the draft work plan, the Evaluator will produce a final evaluation work plan.

#### 6.1.3 Draft Evaluation Report

The Evaluator will submit a draft evaluation report for consideration and comments by the Project Office, donors and Technical Adviser three (3) weeks prior to the cut off date for the submission of the final evaluation report (due on the 18<sup>th</sup> September 2005). The final date for the draft evaluation report is, with other words, the 28<sup>th</sup> August 2005.

#### 6.1.4 Evaluation Report

Within one (1) week of receiving comments from project office, donors and Technical Adviser on draft report, the Evaluator will submit a final evaluation report including an evaluation abstract/executive summary.

#### Evaluation Report Outline

1. Executive Summary (maximum 4 pages)
2. Introduction
3. Background (Brief Project Description)
4. Evaluation Purpose and Objective
5. Evaluation Methodology
6. Major Findings
7. Lessons Learnt (from both positive and negative experiences)
8. Constraints that impacted project delivery
9. Recommendations and Conclusions

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## 6.2 Timeframe

The evaluation should, by the very latest, be completed by the 18<sup>th</sup> September 2005.

### Projected Timeframe

<b>Activity</b>	<b>No. Days</b>
Work Plan Preparation	3 weeks
Data Collection/Field Work/Travel-Time/Drafting of Draft Evaluation Report	5 weeks
Final Report Preparation	3 weeks
Total	11 weeks

## 6.3 Travel

The Evaluator will be required to travel to the project office in Bangkok, to the Technical Adviser's office in Sydney, as well as to four beneficiary countries under the project. The project office will organize travel arrangements.

## 6.4 Administrative Support

The project office will be responsible for providing administrative support to the Evaluator. The Evaluator may use available office space at the Project Office if needed.

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**Annex 2. ORGANIZATIONS AND PERSONS CONSULTED****Project Personnel**

Mr. Rick McDonell  
Technical Advisor, DFID ASEM Money Laundering Project  
and Executive Director, Asia/Pacific Group on Money Laundering (APG)

Ms Bronwyn Somerville, Member, APG Secretariat team

Ms. Claire Smellie  
Project Coordinator, G44

Ms. Nittaya M. (Jo)  
Project Assistant, G44

**UNODC**

Mr. Akira Fujino  
Resident Representative, UNODC RC

Mr. Burkhard Dammann  
Senior Programme Officer  
UNODC RC

Mr. Mohamed Allmulla  
Programme Manager for South East Asia and the Pacific, UNODC HQ

Mr. John Irvin  
Training Manager  
**UNODC RC**

Mr. Yngve Danling  
Former Senior Law Enforcement Advisor, UNODC RC

**European Commission (EC)**

Mr. Johan Cauwenbergh  
Counselor

Mr. Prasert Tepanarat  
Programme Officer

**DFID**

Mr Robert Hyland  
Mr Daniel O'Mahoney

## **Thailand**

Pol. Maj. Col. Sehanat Prayoonrat  
Deputy Secretary-General  
The Office of the National Counter Corruption Commission (Former Senior Specialist, AMLO  
and current team leader for ASEM AML Research Paper II)

Judge Rewat Sakulkhloi  
Deputy Chief Judge  
Judge Taweesak Unnatornratanakul  
Judge Sungsit Narin tarankul Na Ayudhaya  
Judge Tidarat Kittisiriprasert  
Presiding Judges, The Civil Court

Mr. Singchai Taninson  
Expert State Attorney  
Mr. Poonsak Utopach  
Expert State Attorney, The Attorney General Office

Pol. Maj. Gen. Peeraphan Prempooti  
Secretary General, Anti-Money Laundering Office (AMLO)

Pol. Col. Naras Savestanan Ph. D.  
Director, Bureau of Foreign Affairs and Transnational Crime

Ms. Ubonrat Sappeung  
Foreign Relations Officer

Ms Ptraporn Thaweewong  
Special Case Officer  
Department of Special Investigation

Ms Pranee Kaoian, Chief Foreign Affairs Section, AMLO  
Ms Sujitra Saengkieo, AMLO  
Mrs Kornkamol Tasngamthivan, AMLO  
Ms Pathummas Bunchamroon, AMLO  
Ms Surassa Suvapan, AMLO  
Ms Aschariyapun Wongwarn, AMLO  
Mr Naytinai Gaewgerdken, AMLO  
Mr Krod Boonvarnich, AMLO  
Ms Sutthathip Jeepriap, AMLO  
Ms Pennipar Chumtong, AMLO  
Ms Sanee Tippitak, AMLO  
Ms Phatchara Khairaeng, AMLO

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## **Indonesia**

Mr. Djoko Kurnijanto, PPATK  
Indonesia

Mr. Yusfidli, Attorney General Office  
Malaysia  
Koid Swee Lian, FIU, BNM

## **Peoples Republic of China**

Mr. Du Yaozhong  
Chief of Cooperation and Coordination Division  
People's Bank of China

Cao Zuoyi, Xiang Lu (Trainees from Financial Investigation Training)  
Ge Fengchi and Kuang Anni (Trainees from CBT programme)

Mr. Yang Yimin, Chief of AML Division, PBOC Shanghai

Mr Li Bquan, Deputy Director General, AMLMAC

5 Chinese participants funded by ASEM AML Project to different FIUs.

## **Philippines**

Mr Vicente S. Aquino  
Executive Director, Anti-Money Laundering Council, Republic of Philippines

Mr. Edwin Firmacion  
Mr. Jay Dizon  
Atty. Rogie Ria Bravo Mr.  
Jesus G. Gonzaga Bangko  
Sentral ng Pilipinas

Atty. Ma. Elmira A. Alconaba  
Securities and Exchange Commission

Atty. Christian O. Flores  
Bureau of Customs (BOC)

Atty. Pio O. Rodulfo III  
Bureau of Immigration (BI)

Mr. Sulpicio Adapon

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Bureau of Internal Revenue (BIR)

PCI Bernard R. Yang  
Criminal and Investigation Detection Group (CIDG)

SA Mamerto Suarez  
National Bureau of (NBI)

Mr. Raul Abrico  
National Intelligence Coordinating Agency (NICA)

Psupt Guillermo Lorenzo T. Eleazar  
Police Anti-Crime and Emergency Response (PACER)

Atty. Ercy Nanette Tomas  
Philippine Center on Transnational Crime (PCTC)

PCI Jerome L. Mutia  
SPO1 Noel I. Almerino  
Philippine Drug Enforcement Agency (PDEA)

PPI/Major Dante V. Cacanay  
Philippine Ports Authority (PPA)

PI Jonathan Victor Olvena  
Task Force "Sanglahi"

Col. Edgardo J. Tapia Msgt.  
Maximo T. Salioa Anti-  
Terrorism Task Force

Ms. Myrene Suetos  
Mr. Bon Andrey  
Ombudsman

Miguel F. Gudio, Jr.  
Assistant Chief Prosecutor  
Archimedes V. Manabat  
Senior State Prosecutor  
Cielitolindo Luyun  
1<sup>st</sup> Assistant Provincial Prosecutor  
Pablo C. Formaran  
State Prosecutor II  
Josefino Subia  
State Prosecutor II  
Lagrimas T. Agaran  
State Prosecutor II  
Merba A. Waga

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State Prosecutor II  
Ma. Cristina Rilloraza  
State Prosecutor I  
Crisaldo R. Rioflorido  
State Prosecutor I  
Roberto Escaro  
State Prosecutor I  
Mildred Bernadette B. Alvor State Counsel V  
Marlyn L. Angeles  
State Counsel IV  
Department of Justice (DOJ)

Melchor Arthur Carandang Assistant Ombudsman  
James G. Viernes  
Graft Investigation and Prosecution Officer II  
Atty. Manolo M. Mabini Investigation and Prosecution Officer III  
Ms. Maria Cristina F. Clavio Legal Researcher  
Ms. Junelyn Pagunsan  
Legal Researcher  
Office of the Ombudsman

Judge Roman G. Del Rosario Asst. Solicitor General  
Julia Bacay-Abad  
Solicitor  
P.S. Jocelyn S. Guerrero  
Solicitor  
Napoleon F. Segundera, Jr.  
Solicitor  
Mark John F. Dumbrique  
Solicitor  
Office of the Solicitor General

Atty. Danielle Francis P. Falcon  
Ms. Thelma Espina  
Atty. Criselda A. Estañol-Perez  
Atty. Girlie C. Alban-Suarez  
Atty. Roland C. Villaluz  
Atty. Emmett Rodion O. Manantan  
Ms. Myrna G. Tee  
Anti-Money Laundering Council (AMLC) Secretariat

Judge Marina L. Buzon  
Associate Justice, Court of Appeals  
Judge Antonio M. Eugenio, Jr.  
Presiding Judge, Manila  
Judge William Simon Peralta  
Presiding Judge, Manila  
Judge Sixto C. Marella, Jr.

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Presiding Judge, Makati City

Pol. Col. Lina Sarmiento  
Philippine Drug Enforcement Agency

## **Malaysia**

Ms Koid Swee Lian Mr.  
Dzulkifli Ahmad Mr.  
Noorin Badaruddin  
Participated in Training on Mutual Legal Assistance

Mr. Omar Saifudin Jaafar  
Mr. Azmer  
Participated in Prosecutor Training

Honourable Harminder Singh Dhailwal  
Sessions Court Judge

Mr. Sheikh Zainudin Sheikh Kutub Din  
Mr. Mohamad Syakirin Mahpot  
DSP Suresh Kumar a/l G. Suppiah  
ASP Balwant Singh a/l Shaginder Singh  
Participated in Financial Investigation Training

Mr. Abdul Rahman Abu Bakar  
Miss Sarah Azlina Che Rohim  
Mr. Mohd Fuad Arshad  
Participated in Mutual Legal Assistance Training

## **Vietnam UNODC**

Ms. Narumi Yamada, Representative

Mr Troels Vester, Programme Officer ( responsible officer for law enforcement projects)

Mr Nguyen Tuong Dung, National Programme Officer.

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**Annex 3 : SUMMARY ASSESSMENT QUESTIONNAIRE****United Nations Office on Drugs and Crime****Project evaluation  
Summary assessment questionnaire****I. NUMBER AND TITLE OF PROJECT:**

AD/RAS/G44 - ASEM Money Laundering Project

**II. SUMMARY ASSESSMENT:**

1. Please provide an assessment for all categories listed (including categories constituting headings) by ticking one of the boxes ranging from 0 to 5. The ratings from 0 to 5 are based on the following standard favor-to-disfavor scale:

- 5 - Outstanding, highly appropriate, much more than planned/expected, certain to materialize
- 4 - Very good, very appropriate, more than planned/expected, highly likely to materialize
- 3 - Good, appropriate, as planned/expected, likely to materialize
- 2 - Fair, less appropriate, less than planned/expected, less likely to materialize
- 1 - Unsatisfactory, not appropriate, far below plans/expectations, unlikely to materialize
- 0 - Cannot determine, not applicable

2. If a category has been significant (as a cause or effect) in relation to the overall quality and/or performance of the project please tick the “S” column (if significant) or the “H” column (if highly significant).

	H	S	0	1	2	3	4	5
<b>OVERALL QUALITY AND PERFORMANCE OF PROJECT:</b>							4	
<b>I. PROJECT CONCEPT AND DESIGN:</b>						3		
1. Project document (overall clarity, logic and coherence).					2			
2. Identification/analysis of problem addressed by project:						3		
3. Project strategy (overall assessment):				1				
4. Development/Overall objective (s) (Appropriateness, obtainability):					2			
5. Immediate objective(s) (appropriateness, Obtainability):						3		
6. Achievement indicators:						3		
7. Base-line study/arrangements for base-line study:			0					
8. Outputs (compared to cost effective alternatives):						3		
9. Activities (compare to cost effective alternatives):						3		
10. Inputs (compared to cost effective alternatives):					2			
11. Executing modality and managerial arrangements:				1				
12. Identification and assessment of risks				1				
13. Prior obligations and prerequisites:				1				
14. Workplan/planned project duration:					2			
15. Budget:					2			

	H	S	0	1	2	3	4	5
<b>II. PROJECT IMPLEMENTATION:</b>						3		
1. Quality and timeliness of UNODC inputs:						3		
2. Quality and timeliness of Government inputs:						3		
3. Quality and timeliness of inputs by third parties:			0					
4. Equipment: *inappropriate in the sense of being premature and generous			0					
5. Advisory/training services:							4	
6. Project personnel:						3		
7. Sub-contracting:							4	
8. Management of project:							4	
9. Project workplans:						3		
10. Implementation of activities:							4	
11. Monitoring and backstopping by ODCCP HQ:			0					
12. Monitoring and backstopping by ODCCP field Office:							4	
13. Monitoring and backstopping by Executing Agency:								
14. Monitoring and backstopping by Government:						3		
15. Government fulfilment of prerequisites:			0					
<b>III. PROJECT RESULTS:</b>		S						
1. Timeliness of produced outputs;						3		
2. Quantity of produced outputs:							4	
3. Quality of produced outputs:							4	
4. Outcomes: achievement/likely achievement of immediate objective(s):							4	
5. Development impact achieved:						3		

	H	S	0	1	2	3	4	5
6. Overall impact to be expected						3		
7. Likely sustainability of project results:							4	

3. If external factors had an impact on project performance please tick the appropriate boxes: external factors impeded:  / promoted:  project performance. The effect on project performance of this influence was significant:  / highly significant: . Please provide a short description of the nature of the external factor(s):

- 
- Lack of clarity in donors' roles;
  - Absence of a dedicated Technical Adviser within the project office;
  - Delays that have resulted from the above two issues.

4. Did the evaluation recommend to:

- a) \_\_\_\_\_ abandon the project
- b) \_\_\_\_\_ continue/extend the project without modifications
- c) \_\_\_\_\_ continue/extend the project with minor modifications
- d) \_\_\_\_\_ continue/extend the project with some modifications
- e) \_\_\_\_\_ continue/extend the project with extensive modification
- f) \_\_\_\_\_ terminate the projects, as planned

(This is the terminal evaluation).

(please tick the relevant category).

4. If a modification of the project was recommended did the evaluation recommend a revision of: the drug control objective(s): \_\_\_\_\_, the immediate objective(s): \_\_\_\_\_, the outputs: \_\_\_\_\_, the activities: \_\_\_\_\_ or the inputs: \_\_\_\_\_. Please tick as appropriate.

N.A.

It is recommended that the project be redesigned into a new project. N.A.

6. If the evaluation recommended that the project or significant elements of it be replicate please tick as appropriate: yes: \_\_\_\_ ✓ \_\_\_\_ / no: \_\_\_\_\_